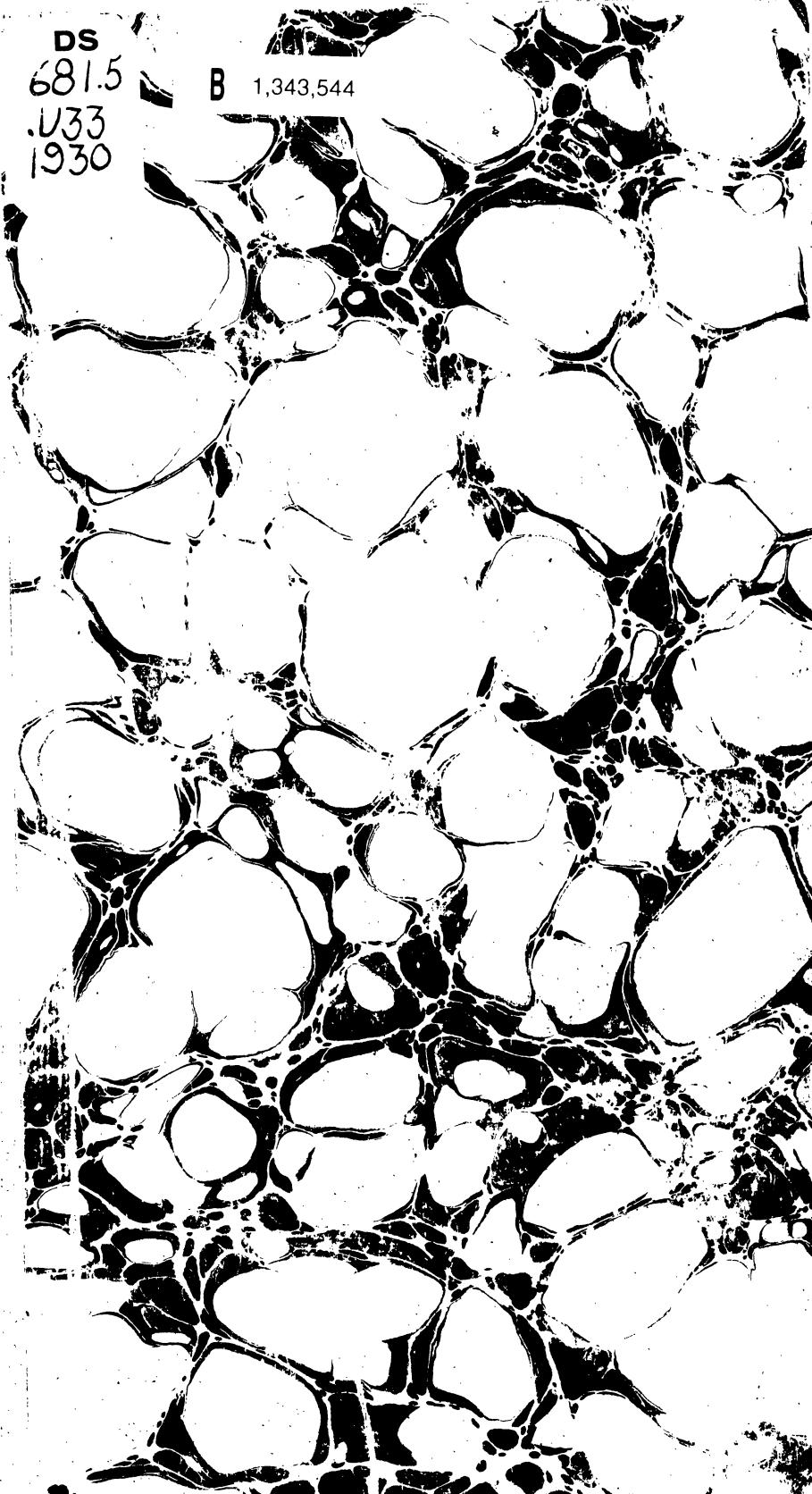


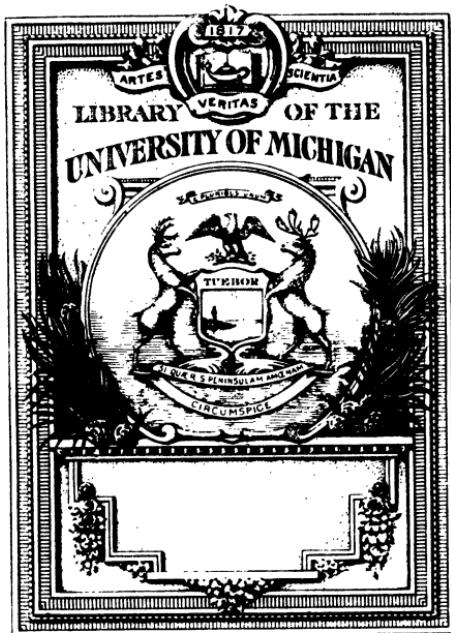
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THE PHILIPPINE ISLANDS

HEARING

U. S. Congress. House. BEFORE THE
COMMITTEE ON INSULAR AFFAIRS,
HOUSE OF REPRESENTATIVES

SEVENTY-FIRST CONGRESS

SECOND SESSION

ON

H. R. 5182

A BILL TO PROVIDE FOR THE INDEPENDENCE
OF THE PHILIPPINE ISLANDS

MAY 5 AND 6, 1930



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1930

COMMITTEE ON INSULAR AFFAIRS

HOUSE OF REPRESENTATIVES

SEVENTY-FIRST CONGRESS

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SEC. 4. That, for the purpose of a complete compliance with this direction, the President is hereby invested with full power and authority to make such orders and regulations and to enter into such negotiations with the authorities of said Philippine Islands or others as may be necessary to finally settle and adjust all property rights and other relations as between the United States and the said Philippine Islands, and to cause to be acknowledged, respected, and safeguarded all the personal and property rights of citizens or corporations of the United States and of other countries resident in or engaged in business in said Philippine Islands or having property rights therein. In any such settlement or adjustment so made in respect to the rights and property of the United States Government or its citizens as against the said Philippines the President may reserve or acquire such lands and rights and privileges appurtenant thereto as may, in his judgment, be required by the United States for commercial purposes, naval bases, and coaling stations within the territory of said Philippine Islands.

SEC. 5. This act shall take effect from and after its final passage.

The CHAIRMAN. I will now call on Mr. Knutson, the author of the bill, to make a statement.

STATEMENT OF HON. HAROLD KNUTSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. KNUTSON. Mr. Chairman, heretofore all pleas for Philippine independence have been based upon moral grounds. I was constrained to introduce the bill we are now considering (H. R. 5182) upon economic as well as moral grounds. I need not tell the committee that the Philippine Islands are becoming a serious contender, or, should I say, competitor of ours. We import from the Islands each year something like 600,000 tons of refined sugar. Last year, I believe, we imported 700,000,000 pounds of vegetable oils. We are trying to build up the sugar-beet industry in this country, but with the enormous quantity of sugar that is being brought here free from our island possessions, it is uphill work. The 700,000,000 pounds of vegetable oils we import each year are displacing just that much butter and animal fats. Various farm organization have passed resolutions indorsing Philippine independence at an early date, and it is my conviction that the time has come to turn the Filipino people loose.

I have talked with a number of Members of Congress about this matter, and invariably I am met by the statement that the Filipinos are not yet ready for independence. Now, I believe it is no exaggeration to say that they are fully as ready for independence or as fully capable of self-government as the Japanese were when Commodore Perry visited the islands back in the fifties. By reason of lack of time I will not dwell upon that aspect of the question, because I know it will be well presented by representatives of the Filipino people who are here to-day.

It may be that this measure needs clarifying to the extent of setting a definite time when America shall withdraw from the islands. It probably does need such clarification, because as it is now worded it is too indefinite. It leaves to the President of the United States the right to determine when we shall withdraw. Of course, if we have a President who is opposed to Philippine independence, this legislation as it now reads would be of no avail; so we probably should amend the bill by fixing a definite time for withdrawal.

We have been considering and passing farm legislation for the last six or eight years. To my mind there is nothing we could do that

would contribute more to the prosperity of American agriculture than freeing the Filipinos. Personally it is my conviction that they are fully ready for self-government. Of course, if we are going to set up standards of the highest sort for determining ability to govern, perhaps we ourselves could not qualify in accordance with them.

It has been alleged that the Filipinos could not have honest elections. I am sure that they could. There are times when we do not have honest elections, but I am going to touch on that phase of the question. I am merely making a plea for independence for the Filipinos on behalf of the American farmer.

The CHAIRMAN. Have you visited the Philippine Islands?

Mr. KNUTSON. No; I have not. That is due to the lack of time. It takes so long to go to the Philippine Islands that I have not found time to do so. I do think that we could very properly report out this legislation after we have considered it and give the House an opportunity to pass upon it. It is my judgment that it would pass the House by a very substantial majority if the matter is allowed to reach the House.

The CHAIRMAN. I am going to ask Mr. Guevara to introduce the commissioners here or the representatives of the Filipino people, whatever may be their titles.

Mr. THURSTON. Are the remarks to be made here cumulative or substantially the same as those made on the Senate side, or will they be additional to the Senate hearings?

The CHAIRMAN. Let us ask Mr. Guevara about that.

Mr. GUEVARA. I have no idea what the speakers are going to say. I believe they are going to present and discuss different angles of the Philippine question.

Mr. HARE. Is it the purpose of the committee to complete the hearings to-day?

The CHAIRMAN. No; we can not complete the hearings to-day. There are many to be heard on this important question. Some live as far away as the Pacific coast. A lot of people in New York desire to be heard. In fact, we are just starting.

Mr. GUEVARA. I am going to introduce to the committee two distinguished members of the opposition party in the Philippine Islands. I have decided or made up my mind to read a brief statement, for I do not want to trust to my memory in introducing to this committee these distinguished gentlemen from the Philippine Islands who belong long to a party different from that to which I belong.

Mr. Chairman and gentlemen of the committee, I wish to take advantage of this opportunity to convey to the distinguished chairman of this committee the profound gratitude of the Filipino people for calling this meeting. The Philippine delegation sent by the legislature to the United States in the early part of January last requested the chairman of this committee to hold hearings on the independence bills introduced by Messrs. Knutson, of Minnesota; Dyer, of Missouri; Sabath, of Illinois; and Montet, of Louisiana.

The Philippine delegation now present in Washington is headed by Hon. Manuel Roxas, the speaker of the house of representatives. He is well known to you and needs, therefore, no introduction. The membership of the delegation is composed of Senator Juan Sumulong, floor leader of the minority party in the senate, and of Hon.

Manuel Briones and Hon. Pedro Gil, majority and minority floor leaders, respectively, in the house of representatives.

This delegation has traveled 10,000 miles from Manila to Washington as the messenger of good will of the Filipino people to the American people. The members of this delegation are prepared to assist and to furnish this committee all information concerning the Philippines, its inhabitants and their aspirations.

Mr. Chairman, let me say something about the individual members of the Philippine delegation.

As to the majority floor leader in the house of representatives, Hon. Manuel Briones, I can only say that he is the right man in the right place. He is gifted with broad culture, which has made him one of the leading men of his generation in the Philippines.

I wish now to refer particularly to the minority floor leader in the Senate, Judge Juan Sumulong. There is nothing which gives a man more pleasure than to have this opportunity to say something about an opponent who is patriotic and gifted with a constructive mind. Permit me, therefore, Mr. Chairman and gentlemen of the committee, to say something about him. When I referred to him awhile ago I used the word "opponent," not because I am antagonistic to him, but because he and I have the misfortune of being members of two different militant political parties. We are in different political parties not because we disagree upon the question of independence. As a matter of fact, we vie with each other in our professions for independence. He claims he is more for it than I. Thank God that both of us are now here pleading the cause of our country. We are one in the belief that independence should be granted to the Philippines as soon as possible; but this matter, unfortunately, is not in our hands, but in those of the Congress of the United States.

I am extremely happy that Hon. Juan Sumulong, the acknowledged leader of the opposition party in the islands, is now in Washington prepared to give this committee not only his own views on the question of independence but also that of the party he represents. I am also happy to have him in Washington because he will be in a position to see with his own eyes the difficulties and obstacles to be met in our common effort to assist the Congress of the United States in seeking a just solution of the Philippine political problem.

Judge Juan Sumulong is an able lawyer and he is one of the few living men in the Philippine Islands who has been connected with the administration of that country since the implantation of American sovereignty, first as a judge of the court of land registration, as a member, by appointment by the President of the United States, of the Philippine civil commission, which, at that time, was equivalent to the upper house of the legislature, and now the floor leader of his party in the Philippine Senate.

He brings with him to this country a brilliant record of public service which undoubtedly will be useful in the deliberation of our common problem. He was a personal friend of the late President Taft and of many other distinguished American statesmen. America is not new to Judge Sumulong. He has been in this country several times and has had ample opportunity to study the American people intimately whom, I have no doubt, he found generous, kind, fair, and just. He is a devoted student of American institutions. While he was an editor of a very important newspaper in the islands he wrote

and published enlightening articles on the American people, their history and their traditions.

His counsel and advice, therefore, on the Philippine question should be of great value to all concerned. Needless to say, though, I belong to a different political party than that to which Judge Sumulong belongs, I feel a deep and sincere admiration for his honesty, integrity, and rectitude.

As to the minority floor leader of the house of representatives, Dr. Pedro Gil, I can say that he is brilliant and patriotic. He is gifted with a broad vision that enables him to see things from different angles and with an intuition that enables him to grasp the salient features of any situation or problem. The presence of Judge Juan Sumulong and Dr. Pedro Gil will prove to the American people that the two major political parties in the Philippine Islands are strongly united for Philippine independence.

With this brief statement I have the honor to introduce to this committee the members of the Philippine delegation.

The CHAIRMAN. Who is to be heard first?

Mr. GUEVERA. Hon. Manuel Roxas, the speaker of the house of representatives.

The CHAIRMAN. We shall be glad to hear him.

STATEMENT OF HON. MANUEL ROXAS, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES OF THE PHILIPPINE ISLANDS

Mr. ROXAS. Mr. Chairman and gentlemen of the committee, on behalf of the Philippine delegation I desire to express and record our deep-felt gratitude for the opportunity that is now being given us to express our views on a matter that so vitally affects our people.

We are aware of the many problems that confront the American Congress. We know how many domestic issues await your action. We know that international questions occupy your minds; but, if we plead that the Congress should pause in its deliberations for only a short time to view the problem that affects 13,000,000 Filipinos, we do so because we are convinced that America, as John Adams said many years ago, is a country inhabited by a people who, wherever the flag of freedom is unfurled, there shall her heart, her prayers, her benediction be. It is therefore with confidence that I appear before you to reiterate once more the sincere aspiration of our people to live an independent existence.

At the outset, Mr. Chairman, let me state clearly that in an effort to win our independence we are not animated by a feeling of resentment or hatred toward the American people; rather we are animated by a sense of gratitude because we feel that when independence is granted to the Philippine Islands it will be not only the accomplishment of an age-long desire of my people, but it will be the culmination of America's altruistic, chivalrous mission in a country beyond the seas.

Even as we sit here to-day, Mr. Chairman, in other parts of the world are people seething in revolt, determined in every manner to wrest from others the freedom which they feel they are entitled to. In other parts of the world millions of human beings are attempting to throw off the yoke. That is the situation not only in one country but in many countries. And they are animated by a series of

grievances; by a feeling that they have been mistreated; by a feeling that they are being made the victims of tyranny and oppression. But here we have, Mr. Chairman, an instance, single and solitary, in the annals of international relations; a subject people peacefully and orderly, in a constitutional manner and through their representatives, addressing the sovereign power that they may be granted the freedom to which they aspire. As I said, this action is unprecedented in the annals of civilization. It is a credit to the United States, to your generosity, to your altruism, and to the new standard of morality and justice in dealings between nations which America has established in the world.

I desire to recall that not since six years ago has this committee found time to investigate or hear an exposition of conditions obtaining in the Philippine Islands.

Mr. KNUTSON. How long, do you say?

Mr. ROXAS. Six years.

Mr. KNUTSON. Is it six years since we had those hearings in regard to this matter?

Mr. ROXAS. It is almost seven years.

The CHAIRMAN. Let me say that this committee has in that time passed at least three measures providing for a commission or for members of the Senate and House Committees on Insular Affairs to go to the Philippine Islands and all of those bills were supported by your Commissioners before our committee.

Mr. ROXAS. Yes.

The CHAIRMAN. Those bills from this committee passed the House unanimously. There was not a single dissenting voice?

Mr. ROXAS. Yes.

The CHAIRMAN. But those bills were killed in the Senate.

Mr. ROXAS. Yes.

The CHAIRMAN. I really feel that if the Philippine representatives here had put the proper pressure behind your friends in the Senate there might have been different results, because those bills were killed by the people who were supposed to be friends of the Filipino people. I do not want this committee to be accused of blocking consideration of the Philippine problem.

Mr. ROXAS. It is not my intention to blame this committee for that.

The CHAIRMAN. As chairman of the committee, I feel great hesitancy about deciding a matter that so seriously affects as many people as this bill does, both on the other side of the world and here, without any personal knowledge whatever; and I am not in a position to go to the Philippine Islands, paying my own expenses and taking three or four months of my time. I know other members of the committee who are not financially able to do that. If anything has delayed final action on the Philippine question, it has been largely due to the fact that we have not had the opportunity to go to the Philippine Islands; and, as chairman of this committee, before I finally vote on a matter of so great importance, I want to have some personal information. I found when I came to this position that I had never been to any of our insular possessions. However, since then I have had the opportunity to visit Porto Rico and the Virgin Islands because they are near by, I could take the time, and arrangements were made for our going there. Certainly I have a

very much better idea of conditions in those two islands and am far better qualified to legislate for their benefit than I am about the Philippine Islands.

Mr. ROXAS. I am very grateful, Mr. Chairman, for that statement.

The CHAIRMAN. I think you must be mistaken about the six years. You have stated, as I understood, that it has been six years since we did anything about this matter. I rather think we have held hearings on the Philippine question less than six years ago.

Mr. ROXAS. I refer to hearings concerning Philippine independence. I mean hearings to study a definite solution of the Philippine question. You have, I know, held hearings to, say, increase the salary of the Philippine auditor or the salary of the vice governor, or the salaries of the justices of the supreme court there; but we are not very much interested in those matters.

The CHAIRMAN. We have had some hearings or legislation affecting the Philippine Islands, and every time we had a hearing the question of ultimate independence for the Philippines was discussed. It may be as long as you say since we discussed the sole question of Philippine independence.

Mr. ROXAS. I have in mind the Cooper bill.

Mr. KNUTSON. That was in 1923, I believe.

Mr. ROXAS. In 1923 and 1924.

The CHAIRMAN. That was before I became chairman of the committee.

Mr. ROXAS. I would like to say in regard to the statement of the chairman concerning the action on bills from this committee and the House by the Senate—

The CHAIRMAN (interposing). I refer particularly to the Wainwright bill.

Mr. ROXAS. Referring to the bill for the appointment of a joint commission to visit the Philippines, our Commissioners in the House of Representatives here supported that measure, as the Chairman has correctly stated. Why the Senate disapproved those measures I do not know. I believe, however, it was because the Senate thought it was not necessary, in order to solve this problem, to send a commission to the Philippine Islands. I know that at least two presidential commissions have been there within the last eight years.

The CHAIRMAN. No congressional commission has visited the Philippine Islands since I have been here.

Mr. ROXAS. We have not had one of those commissions, but Congress has been acting upon important matters affecting insular possessions without a congressional commission. The last example of a congressional commission is the one that went to Haiti. If Congress is going to wait for the appointment of a congressional commission we might as well—

The CHAIRMAN (interposing). I do not think, Mr. Roxas, that this committee is willing to take the report of a presidential commission alone in dealing with the Philippine question. The committee itself would like to have something to say.

Mr. KNUTSON. We have not had opportunity to vote on the matter. This committee has not had opportunity to express itself on the question.

The CHAIRMAN. It has had the opportunity at different times.

Mr. KNUTSON. We have had bills before us looking to increasing the salaries of American officials in the Philippines, yes; but so far as voting on a proposition such as we have before us we have not had the opportunity since you have been chairman of the committee. If we are to wait for a congressional commission to visit the islands, the Filipinos might just as well pack up and go home, because they will never get it.

The CHAIRMAN. I am not so sure of that.

Mr. KNUTSON. I am sure of it. You and I have been here about the same length of time, Mr. Kiess.

The CHAIRMAN. I do not want the speaker's statement that we had not given this matter any attention to go into the record without some explanation.

Mr. ROXAS. We have not taken any action in the Senate to oppose the measure about which you speak. We have waited for the last six years for this congressional commission, but it has not materialized. Now we come to you again to ask you to study this question and then propose a solution of this problem. This is not an academic question. We should like to know where we stand. The delay in solving this problem is affecting quite materially the interests of the Filipino people.

We know you mean well by us. We know you want to treat us justly. That is the reason we knock at the door of your sound judgment and generosity to tell you that conditions in the Philippine Islands are at a standstill; that our progress has been set back; that there is uncertainty; and that there is discontent, not so much because of the American people, but on account of the present state of uncertainty. By this uncertainty you are unwittingly hurting the Filipino people very much. At the same time separate issues affecting the Philippine Islands are being brought to the attention of the Congress of the United States. There has been an agitation—

Mr. KNUTSON (interposing). You mean that Congress should define its policy for the future—say whether we purpose to remain there or get out; if so, when?

Mr. ROXAS. Yes; that is the idea.

Mr. KNUTSON. I submit that you people are entitled to that information.

Mr. ROXAS. We want our independence. Rather than permit the present uncertainty to continue, I would prefer that the United States unequivocally say that America will never grant independence to the Philippine Islands.

The CHAIRMAN. Of course, you understand as well as we understand that one Congress can not bind a future Congress. In the so-called Jones Act you will find certain statements, but they are not binding upon this Congress, and this Congress can not bind the next Congress.

Mr. ROXAS. If I may speak frankly, I did not expect that statement from the chairman of the committee.

The CHAIRMAN. That is a legislative statement. It is a fact.

Mr. ROXAS. In the Jones Act the Congress of the United States made the following declaration:

Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement—

That may not bind the Congress, but it is the expression of the sentiment of the American people when the war against Spain took place. Continuing:

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein.

That is a congressional declaration approved by the President of the United States. Of course, Congress has the power to repeal—

The CHAIRMAN (interposing). I did not express any opinion of the statement. I just said it did not bind this Congress.

Mr. ROXAS. You said it has no effect or can not be said to be a formal, authoritative pronouncement of policy with respect to the Philippine Islands. When are we going to be able to believe what Congress will do by us? Are we going to believe the American people, speaking through Congress, in a formal pronouncement, or are we to understand that the Congress does not express the will and the purpose of the American people?

The CHAIRMAN. That was passed 14 years ago?

Mr. ROXAS. Yes; that is true.

The CHAIRMAN. Suppose the Seventy-first Congress should pass a bill granting independence to the Philippine Islands in 30 years, or any other number of years; do you think that would settle the matter? Do you feel that you could go home and feel that such a bill absolutely settled the matter?

Mr. ROXAS. Yes, sir; for surely a subsequent Congress will not repeal such an important act affecting 13,000,000 people, who have placed reliance and credibility in the word of the American people expressed through their Congress.

Mr. KNUTSON. What the chairman says is that one Congress should disregard the acts of a previous Congress.

The CHAIRMAN. I said a subsequent Congress might disregard the act of a previous Congress.

Mr. THURSTON. Irrespective of altruistic positions or the pronouncement of conclusions, would it not be satisfactory to the committee if the facts were adduced here upon which the committee might subsequently adopt its own conclusions? It seems to me that we should be interested in some picture of the budget of the Philippines, a statement of income and expenditures, and the ability of the Philippines to get along without a preferential tariff, and their future policy in international matters. If we could have those facts, possibly later we could apply our own deductions to them rather than have the conclusions advanced.

Mr. ROXAS. I can do that, and I will do it later.

The CHAIRMAN. I think that is a good suggestion.

Mr. ROXAS. I will gladly do that. We can not accept, because it is not supported by reason, and certainly not by justice, the statement that the preamble of the Jones Act can not be taken by the Filipino people as a definite and final expression of the will and purpose of the American people. I should like to detain you one minute to quote President Roosevelt on that particular matter.

The CHAIRMAN. When did he make the statement—after the Jones Act was passed?

Mr. ROXAS. Yes. He said, "Apparently its"—referring to the administration then in power—"course in the Philippines has proceeded upon the theory that the Filipinos are now fit to govern themselves. Whatever may be our personal and individual beliefs in this matter, we ought not, as a nation, to break faith or even to seem to break faith with those people." You said that in the preamble of the Jones Act.

Mr. Chairman, I desire at this point to insert in the record a copy of a resolution adopted by the Philippine Legislature on October 29, 1929. It says:

Resolved by the senate, the house of representatives concurring, that a committee of the legislature be, and the same hereby is, created, which committee shall be composed of the Hon. Manual L. Quezon, the Hon. Sergio Osmeña, and the Hon. Juan Sumulong, on behalf of the senate, and of the Hon. Manuel Roxas, the Hon. Manual C. Briones, and the Hon. Pedro Gil, on behalf of the house of representatives, and shall, jointly with the Resident Commissioners, petition the Government and Congress of the United States for the early granting of independence to the Philippines, and submit to them from time to time the view of the legislature on any matter concerning the Philippines under consideration by the Government at Washington. Adopted, October 29, 1929.

Mr. ROXAS. I now request the committee's permission to insert in the record a copy of the preamble of the Jones law.

The CHAIRMAN. That will be all right.

Mr. ROXAS. It says:

Whereas it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibility and enjoy all the privileges of complete independence.

Mr. ROXAS. For the information of the committee I will now insert in the record statements by Presidents McKinley, Roosevelt, Taft, Wilson, Harding, and Coolidge on the subject. I am going to take the time of the committee to read a few paragraphs from an article written by President Roosevelt after the Jones Act was passed, which article considers this problem not only from the altruistic point of view of the American's duty toward the Filipino but in its other aspects, including those of an international nature. He said:

I hope, therefore, that the Filipinos will be given their independence at an early date and without any guaranty from us which might in any way hamper our future action or commit us to staying on the Asiatic coast. I do not believe we should keep any foothold whatever in the Philippines. Any kind of position by us in the Philippines merely results in making them our heel of Achilles if we are attacked by a foreign power. They can be of no compensating benefit to us. If we were to retain complete control over them and to continue the course of action which in the past 16 years has resulted in such immeasurable benefit to them, then I should feel that it was our duty to stay and work for them in spite of the expense incurred by us and the risk we thereby ran.

But inasmuch as we have now promised to leave them, as we are now abandoning our power to work efficiently for and in them, I do not feel that we are warranted in staying in the islands in an equivocal position, thereby incurring great risk to ourselves without conferring any real compensating advantage, of a kind which we are bound to take into account, on the Filipinos themselves. If the Filipinos are entitled to independence, then we are entitled to be freed from all the responsibility and risk which our presence in the islands entails upon us. Personally, I think it is a fine and high thing for a nation to have done such a deed (our work in the Philippines) with such a purpose. But we can not taint it with bad faith. If we act so that the natives understand us to have made a definite promise, then we should live up to that promise.

Mr. ROXAS. We have accepted the declaration of the Jones Act as a covenant between America and the Philippines. It was so defined by the author of the Jones Act. When he spoke on that bill he said, "This preamble is a covenant between the American and the Filipino people."

President Roosevelt further said:

The Philippines, from a military standpoint, are a source of weakness to us. The present administration has promised explicitly to let them go, and by its action has rendered it difficult to hold them against any serious foreign foe. These being the circumstances, the islands should at an early moment be given their independence without any guaranty whatever by us and without our retaining any foothold in them.

Mr. ROXAS. I now desire to refer to the platforms of the major political parties concerning Philippine independence.

The CHAIRMAN. Have those statements been placed in the Senate record?

Mr. ROXAS. No.

The CHAIRMAN. They are different from the ones in the Senate hearings?

Mr. ROXAS. Yes. I want to refer to two platforms of the Democratic Party and two platforms of the Republican Party. One year after another this matter has been repeated in the platforms of these parties. First, I will read from the Democratic platform of 1904. It says:

We insist that we ought to do for the Filipinos what we have done already for the Cubans, and it is our duty to make that promise now and upon suitable guaranties of protection to citizens of our own and others resident there at the time of our withdrawal, set the Filipino people upon their feet, free and independent to work out their own destiny.

Mr. ROXAS. I will not read from the Democratic platform of 1916, because President Taft in 1918 made reference to that declaration, stating that it stated substantially the same policy as the Republican Party had adopted toward the Philippine Islands. It says:

We heartily indorse the provisions of the bill, recently passed by the House of Representatives, further promoting self-government in the Philippine Islands as being the fulfillment of the policy declared by the Democratic Party in its last national platform and we reiterate our indorsement of the purpose of ultimate independence for the Philippine Islands, expressed in the preamble of that measure.

In 1908, President Taft, referring to this declaration in the platform of the Democratic Party said:

It is an affirmation of a policy only very slightly different from that repeatedly announced by this and preceding Republican administrations.

I shall now refer to the platform of the Republican Party, which has been responsible more than any other party for conduct of

Philippine matters since the implantation of American sovereignty in the Philippine Islands. In 1900, soon after the close of the Spanish-American War, the Republican Party made the following declaration:

And while the American people, sustained by this Republican legislation, have been achieving these splendid triumphs in their business and commerce, they have conducted and in victory concluded a war for liberty and human rights.

No thought of national aggrandizement tarnished the high purpose with which American standards were unfurled. It was a war unsought and patiently resisted, but when it came the American Government was ready. Its fleets were cleared for action, its armies were in the field, and the quick and signal triumph of its forces on land and sea bore equal tribute to the courage of American soldiers and sailors, and to the skill and foresight of Republican statesmanship. To 10,000,000 of the human race there was given "a new birth of freedom," and to the American people a new and noble responsibility.

In 1924, in the first platform referring to the Philippines after the passage of the Jones law, the Republican Party made this declaration:

The Philippine policy of the Republican Party has been inspired by the belief that our duty toward the Filipino people is a national obligation which should remain entirely free from partisan politics. If the time comes when it is apparent that independence would be better for the people of the Philippines from the point of view of both their domestic concerns and their status in the world, and if when that time comes the Filipino people desire complete independence, the American Government and people will gladly accord it.

These statements show that independence has always been the goal of America's policy toward the Philippine Islands.

On the other hand, the Filipino people have always aspired to independence.

I shall not take time to discuss the history of American-Philippine relations except to say that when America established her sovereignty in the Philippine Islands the Filipino revolutionists had actually organized an independent government, a government which was in operation and whose authority was recognized all over the country.

Mr. THURSTON. Was it recognized by any foreign nation?

Mr. ROXAS. It was not.

Mr. KNUTSON. It was merely a *de facto* government.

Mr. ROXAS. It was not recognized by any foreign nation, Mr. Chairman, because not more than a few months had elapsed after the inauguration of this government when the war between the Philippines and the United States took place. I make the statement that the government was in actual operation to show that if America is to be consistent in her announcement of policy when she declared war against Spain and declared for the liberation of Cuba, there was equal reason for her to take a similar action with respect to the Philippine Islands. When Admiral Dewey reported to the President, he said:

In my opinion these people are superior in intelligence and more capable of self-government than the natives of Cuba, and I am familiar with both races.

Mr. KNUTSON. The Cubans are largely negroes.

The CHAIRMAN. Mr. Roxas, I am just looking at these [indicating] Democratic and Republican party platforms that you propose to put in the record. I see that you have crossed out everything in them except that which is favorable to your cause, and I do not

believe that is a proper procedure. Referring to the Republican platform of 1916, you have crossed out that which says:

We condemn the Democratic administration for its attempt to abandon the Philippines, which was prevented only by the vigorous opposition of Republican Members of Congress, aided by a few patriotic Democrats.

The Republican platform of 1924 says, in part, "A careful study of the conditions in the Philippine Islands has convinced the present administration that the time for such action has not yet come"—meaning the time for independence, but you have cut that out. If you want to put these things in the record, let them go in in their entirety. Do not take out some important part of it.

Mr. ROXAS. I am sorry. The implication that goes with your remarks is that—

The CHAIRMAN (interposing). I am not implicating anything. I am stating facts.

Mr. ROXAS. But the parts to which you refer are already in the record. I am just reading these parts to show that independence has always been the goal of the American policy.

The CHAIRMAN. I have read some things that you have crossed out and which will not go into this record.

Mr. ROXAS. They are in the record of the Senate committees' hearings.

The CHAIRMAN. They are?

Mr. ROXAS. Yes.

The CHAIRMAN. I think that if part of these platforms are inserted in the record, all of them should go in, instead of doctoring them up. I have no objection to all of them going in, but I do not want one side only shown.

Mr. ROXAS. I have no objection to inserting all.

The CHAIRMAN. But when you put in one part of a declaration only and leave out the other part, it tells only part of the truth. Let us have the whole truth. When you say you are putting in the Republican and the Democratic platforms on this subject, let us have all those platforms have to say about the subject.

Mr. ROXAS. I was reading what appeared to me to be the pertinent portions of those platforms to show that the Republican Party has repeatedly committed itself to Philippine independence.

The CHAIRMAN. Do I understand that you want to put in what you have read?

Mr. ROXAS. Yes, sir.

The CHAIRMAN. It looks to me that all should go in.

Mr. ROXAS. I have crossed out what I did not want to insert.

The CHAIRMAN. We will settle that matter later.

Mr. HOOPER. It will be necessary for me to leave shortly, but before I go I should like to ask the gentleman a question, if I may interrupt him.

Mr. ROXAS. Certainly.

Mr. HOOPER. This is not a controlling matter at all. I am interested in your statement, particularly that remark about conditions in other countries around the world at this time. You said something to the effect that other peoples are seething with revolt. That is the substance of the statement, as I remember it. I suppose you had reference to India?

Mr. ROXAS. Yes; to India, Java, French Indo-China.

Mr. HOOPER. I am thinking particularly of India. What do you think would be the effect upon the situation in India if the United States should grant immediate independence to your country? Would it stimulate the rising revolt in India; would it have an immediate effect upon conditions in the East outside of the Philippine Islands?

Mr. ROXAS. If it should have any effect at all, it would be the effect of inducing peoples who are striving for their freedom to adopt peaceful and constitutional methods in trying to effect it.

Mr. HOOPER. I am glad to hear you say that. I wondered what your reaction would be to that action. If India is a torch ready to be set afire, and if we were to grant immediate independence to the Philippine Islands, would it not have the effect of lighting that torch earlier?

Mr. ROXAS. On the contrary it will show that freedom can be obtained through constitutional and peaceful means. We believe that if America really decides to help in the solution of these problems to spread the creed of democracy and justice in dealing with other peoples, she can do no better thing than liberate the Philippines.

Mr. HOOPER. Is there an independence move in the Dutch East Indies?

Mr. ROXAS. Very little there. We know that some Javanese patriots have been expatriated and persecuted and executed there. I am acquainted with the situation in Java only.

Mr. DUNBAR. Is this meeting to continue through this afternoon?

The CHAIRMAN. No.

Mr. DUNBAR. When will the next meeting take place?

The CHAIRMAN. We will try to meet at 10.30 to-morrow morning.

Mr. DUNBAR. Why not hold a meeting this afternoon?

The CHAIRMAN. This is unanimous-consent calendar day.

Mr. DUNBAR. I have a bill on that calendar and it will be called among the very first. Therefore, if I may do so, I will ask a few questions right now. You have stated that the uncertainty of the Philippines remaining under the jurisdiction of the United States interferes with your plans, business, and promotion schemes in the Philippine Islands.

Mr. ROXAS. Yes.

Mr. DUNBAR. To what extent does that uncertainty interfere?

Mr. ROXAS. As is well known, free trade exists between the Philippine Islands and the United States. Under that arrangement our products are admitted free of duty into the United States, and in the same manner American products are admitted free of duty into the Philippine Islands. After free trade was established in 1909 and later in 1913 an economic development took place with a view to the American free market. We have produced and are still producing articles that are protected in this market, emphasizing the production of sugar and coconut oils. Further development, however, can not continue in the Philippine Islands for this reason—the agitation that has taken place in the United States seeking to restrict the free trade of the Philippine Islands is discouraging investment of capital there with regard to increased sugar production because the in-

vestors are not able to determine how long this free-trade arrangement will continue. The same thing may be said of tobacco and coconut oils. On the other hand, we can not apply ourselves to the production of either article not protected in the American market because the free admission of American goods into the Philippine Islands has converted the Philippine market into a highly protected market, as highly protected as the United States. Production costs with us are very high. We can not compete with Java, for instance, in the production of rubber; so that we are in a position where we can not produce more sugar on account of the uncertainty of the free market and we can not produce other things not protected in this market because we can not compete with other labor.

Mr. DUNBAR. If you knew you are to continue under our flag, you production of sugar would increase very much.

Mr. ROXAS. Yes.

Mr. DUNBAR. And your production of coconut oil would increase?

Mr. ROXAS. Yes.

Mr. DUNBAR. On the other hand, the articles you import from the United States, you do not now encourage development in the production of those because you could not compete with the United States?

Mr. ROXAS. That is right.

Mr. DUNBAR. If you were to get your independence there would be less importation of sugar and vegetable oil and more development of our own stuff?

Mr. ROXAS. Yes.

Mr. DUNBAR. It is for you gentlemen to know what is best. If you realize how your isolation there, without the sympathetic protection of the American people, might affect you in case of an international rebellion, an insurrection among those Provinces down there which owe their allegiance to other countries and how you might be able to sustain yourself—

Mr. ROXAS (interposing). We have studied that phase of our problem very thoroughly.

Mr. DUNBAR. The international aspect of the situation appeals to me very strongly.

Mr. ROXAS. With regard to the protection of the Philippine Islands, the United States has already adopted a policy. In the Washington treaty, for example, the United States agreed not to fortify the Philippine Islands any further. It has been shown by the utterances of President Roosevelt and many naval experts that in the event of war it is the intention of the United States to abandon the Philippine Islands. So that, even while under the American flag, there is really no protection for us, except American prestige. The arm of the American Navy does not reach us. We believe that if we were entirely free from the United States we would be better protected under the League of Nations than we are now.

Mr. DUNBAR. American prestige is important to you, is it not?

Mr. ROXAS. Yes.

Mr. DUNBAR. I am sorry I have to leave now; but I am going to read these proceedings very carefully and with a great deal of interest. You have stated, as I understood you, that if the Philippines

obtained their independence other countries owing allegiance to a mother country would probably use constitutional means to effect their freedom, taking you as an example of success. Do you believe that India would use constitutional means to effect her freedom?

Mr. ROXAS. The door for that course has been opened to India. The present cabinet has agreed to hold conferences between the Nationalist Party and the Indian Government to determine what political concessions should be granted.

Mr. DUNBAR. At the present time there is an understanding that negotiations looking to the independence of India may be proceeded with?

Mr. ROXAS. I do not make that statement.

Mr. DUNBAR. That inference may be taken from what you have said.

Mr. WELCH. Are you, Mr. Dunbar, in sympathy with the aspiration of India for independence?

Mr. DUNBAR. No; I am not. I am a great deal more in sympathy with the aspiration of the Filipinos for independence. I do not think that India can govern herself.

Mr. WELCH. You have a fear that if we were to grant independence to the Philippine Islands that would further stimulate the desire of India to effect her independence?

Mr. DUNBAR. I think so. However, I may be wrong about it.

Mr. WELCH. But a few years ago Ireland was in the same status India is in to-day.

Mr. DUNBAR. But the Irish are far more intelligent.

Mr. WELCH. Ireland was, of course, granted the right of self-government. She makes her own laws; she is in charge of her customs, and so forth. She has everything that goes to make a free, independent country. She was liberated some 8 or 10 years ago, but there was no demonstration in India looking to her freedom during those years. I can not see that granting Philippine independence would further stimulate the desire of India and other British possessions for independence.

Mr. DUNBAR. Is not India now contending for her independence?

Mr. WELCH. Yes; and she will continue to contend for her independence.

Mr. DUNBAR. You do not believe that giving independence to the Philippine Islands would further stimulate the Indians in their efforts to effect independence?

Mr. WELCH. I do not. Let every case stand on its own legs.

Mr. DUNBAR. I just wanted to get some views on the matter.

Mr. WELCH. I do not think this is a parallel case. We have been studying the possibility and practicability of Philippine independence for 32 years. Declaration after declaration has been made by national political parties, by thinking people, by the biggest people in this country during the last half century, such as Roosevelt and Wilson. Everybody, practically, has declared for Philippine independence, and it should not be placed on the possibility of a revolution by India or some other poorly governed people who are probably not fitted for self-government. The Filipino people have amply

demonstrated their capacity to well govern themselves. Personally, I am willing to vote to give the Filipinos their independence tomorrow. The gentleman before us is a splendid example of the people of the Philippine Islands.

Mr. ROXAS. I thank you.

Mr. WELCH. I think if the matter were left to a vote of the people of the United States they would give the Philippines independence at once for many reasons.

Mr. ROXAS. Suppose that the granting of independence to the Philippine Islands would really increase the agitation for independence in India and Java? I am wondering whether America would feel justified in refusing independence to the Philippines on the ground that it would increase the agitation for independence in other countries?

Mr. DUNBAR. I want to have your statement amplified and substantiated or disputed by other gentlemen here. I asked for that information, and that is all. I am sorry I can not remain longer, but, as I have said, I shall read with much interest the printed hearings. I believe that if every nation in the world were qualified to govern itself in accordance with the mental attitude manifested by the representatives assembled here this morning we would have a pretty good world in which to live. However, I think there are further considerations that must be taken into account.

Mr. BEEDY. The speaker's question has not been answered. I do not know who should answer it.

Mr. ROXAS. I asked whether if the mere granting of independence to the Philippine Islands were to stimulate a desire for independence on the part of other countries, if that should keep the United States from granting freedom to the Philippines.

Mr. DUNBAR. Not to any great extent.

Mr. ROXAS. We believe that by granting independence to the Philippines the United States would promote democracy and freedom elsewhere.

Mr. DUNBAR. These things should not materially interfere.

Mr. BEEDY. You refer to the situation in India?

Mr. DUNBAR. Yes; before you came in we had been discussing the efforts of India toward independence.

PLATFORM PLANKS ON PHILIPPINE INDEPENDENCE

REPUBLICAN

1900

And while the American people, sustained by this Republican legislation, have been achieving these splendid triumphs in their business and commerce, they have conducted and in victory concluded a war for liberty and human rights. No thought of national aggrandizement tarnished the high purpose with which American standards were unfurled. It was a war unsought and patiently resisted, but when it came the American Government was ready. Its fleets were cleared for action, its armies were in the field, and the quick and signal triumph of its forces on land and sea bore equal tribute to the courage of American soldiers and sailors, and to the skill and foresight of

Republican statesmanship. To 10,000,000 of the human race there was given "a new birth of freedom," and to the American people a new and noble responsibility.

In accepting by the treaty of Paris the just responsibility of our victories in the Spanish War, the President and the Senate won the undoubted approval of the American people. No other course was possible than to destroy Spain's sovereignty throughout the West Indies and in the Philippine Islands. That course created our responsibility before the world and with the unorganized population whom our intervention had freed from Spain to provide for the maintenance of law and order and for the establishment of good government and for the performance of international obligations.

Our authority could not be less than our responsibility, and wherever sovereign rights were extended it became the high duty of the Government to maintain its authority, to put down armed insurrection, and to confer the blessings of liberty and civilization upon all the rescued peoples.

The largest measure of self-government consistent with their welfare and our duties shall be secured to them by law.

1912

The Philippine policy of the Republican Party has been and is inspired by the belief that our duty toward the Filipino people is a national obligation which should remain entirely free from partisan politics.

1924

The Philippine policy of the Republican Party has been and is inspired by the belief that our duty toward the Filipino people is a national obligation which should remain entirely free from partisan politics.

If the time comes when it is apparent that independence would be better for the people of the Philippines from the point of view of both their domestic concerns and their status in the world, and if, when that time comes, the Filipino people desire complete independence, the American Government and people will gladly accord it.

PROGRESSIVE (LA FOLLETTE)

1924

Resolved. That we favor the immediate and complete independence of the Philippine Islands, in accordance with the pledges of official representatives of the American people.

DEMOCRATIC

1904

We insist that we ought to do for the Filipinos what we have done already for the Cubans; and it is our duty to make that promise now, and upon suitable guarantees of protection to citizens of our own and others resident there at the time of our withdrawal, set the Filipino people upon their feet, free and independent to work out their own destiny.

We oppose, as fervently as did George Washington himself, an indefinite, irresponsible, discretionary, and vague absolutism and a policy of colonial exploitation, no matter where or by whom invoked or exercised. We believe, with Thomas Jefferson and John Adams, that no government has a right to make one set of laws for those "at home" and another and a different set of laws, absolute in their character, for those "in the colonies." All men under the American flag are entitled to the protection of the institutions whose emblem the flag is. If they are inherently unfit for those institutions, then they are inherently unfit to be members of the American body politic. Wherever there may exist a people incapable of being governed under American laws, in consonance with the American Constitution, the territory of that people ought not to be a part of the American domain.

We favor an immediate declaration of the Nation's purpose to recognize the independence of the Philippine Islands as soon as a stable government can be

established, such independence to be guaranteed by us until the neutralization of the islands can be secured by treaty with other powers.

In recognizing the independence of the Philippines, our Government should retain such land as may be necessary for coaling stations and naval bases.

1916

We heartily indorse the provisions of the bill, recently passed by the House of Representatives, further promoting self-government in the Philippine Islands, as being the fulfillment of the policy declared by the Democratic Party in its last national platform, and we reiterate our indorsement of the purpose of ultimate independence for the Philippine Islands expressed in the preamble of that measure.

1924 AND 1928

The Filipino people have succeeded in maintaining a stable government, and have thus fulfilled the only condition laid down by the Congress as a prerequisite to the granting of independence. We declare that it is now our liberty and our duty to keep our promise to these people by granting them immediately the independence which they so honorably covet.

The CHAIRMAN. Let us adjourn at this time, to meet at 10.30 in the morning.

(Whereupon, at 12.05 o'clock p. m., Monday, May 5, 1930, the committee adjourned.)



THE PHILIPPINE ISLANDS

TUESDAY, MAY 6, 1930

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INSULAR AFFAIRS,
Washington, D. C.

The committee met at 10.45 a. m., Hon. Edgar R. Kiess (chairman) presiding.

The CHAIRMAN. The committee will come to order. Mr. Roxas you may continue your statement.

STATEMENT OF MR. ROXAS—Resumed

Mr. ROXAS. Mr. Chairman, before adjournment, yesterday, the chairman very kindly informed us that the hearings would be suspended this morning to be resumed again at the call of the chairman some time in the future.

Mr. KNUTSON. Was that after I left yesterday?

The CHAIRMAN. That was our understanding.

Mr. ROXAS. Briefly, that was it. It will take me quite some time to complete my testimony, because at this time I propose to go into a great deal of detail about the conditions obtaining in the Philippine Islands.

Mr. KNUTSON. In order that the proponents of the measure, as well as the committee, may know how to divide the time we ought now to definitely dispose of the question of how long these hearings are to run.

The CHAIRMAN. We will give the Filipinos all the time they need.

Mr. KNUTSON. When?

The CHAIRMAN. Mr. Roxas understands—within a couple of weeks.

Mr. KNUTSON. I do not understand.

The CHAIRMAN. Within a couple of weeks.

Mr. KNUTSON. You will finish the hearings within two weeks?

The CHAIRMAN. I do not know whether we will finish the hearings, but we will resume the hearings.

Mr. KNUTSON. I do not mind saying that this measure was introduced on the 14th of November.

The CHAIRMAN. Do you want this in the record?

Mr. KNUTSON. Yes—and just as soon as it appears to me that this legislation can not be brought out on the floor and the House given an opportunity to consider it, I serve notice now that I shall present a petition and have the bill taken from the committee and considered on the floor under the rules of the House because this means so much to our people, and the farm organizations back home are constantly inquiring about the progress of the measure and wanting to know

what we are doing about it; and I will not go home with some flimsy excuse as to why we did not conclude the hearings and do what we could to bring it up on the floor of the House.

With that understanding, I am perfectly willing that the hearings should go on.

The CHAIRMAN. Proceed, Mr. Roxas.

Mr. ROXAS. Let me say that, in view of the fact that I have already had a chance to appear before several committees, especially in the Senate, and have spoken on this question, if it is convenient to the committee I would like now to interrupt my testimony and yield first to Mr. Manuel Briones, who is majority floor leader in the house of representatives, a member of our delegation, for the purpose of presenting a statement on this question. Mr. Briones does this in order to save time, realizing that the committee will adjourn its sessions at noon, and because he is very anxious to submit his testimony in complete form.

The CHAIRMAN. That is satisfactory.

STATEMENT OF REPRESENTATIVE MANUEL BRIONES, MEMBER OF THE PHILIPPINE DELEGATION AND MAJORITY FLOOR LEADER OF THE PHILIPPINE HOUSE OF REPRESENTATIVES

Mr. BRIONES. Mr. Chairman, as the speaker of our house has just stated, in view of the limited time set aside for this hearing, I would like to be permitted to file my statement in favor of the bill.

The CHAIRMAN. We are glad to have your statement. It will go in the record.

Mr. BRIONES. I am grateful to the committee for this opportunity to present the views of the Filipino people in favor of the independence of the Philippines in addition to those already presented by my colleagues.

INCONTROVERTIBLE FACTS

In the discussion of the Philippine problem, there are two facts that are beyond controversy: First; that neither selfish motives nor purpose of exploitation prompted the implantation of American sovereignty in the Philippines; second, that independence is the goal of American policy toward the islands.

President McKinley, who more than anybody else was responsible for the acquisition of the Philippines, made the following categorical statement during the first days of American occupation:

The Philippines are ours, not to exploit but to develop, to civilize, to educate, to train in the science of self-government.

The late Mr. Taft, when he was civil governor of the Philippines, on December 17, 1903, said:

From the beginning to the end of the state papers which were circulated in these islands as authoritative expressions of the Executive the motto that "The Philippines are for the Filipinos," and that the Government of the United States is here for the purpose of preserving the "Philippines for the Filipinos," for their benefit, for their elevation, for their civilization, again and again and again appear.

On the same occasion and replying to a vicious attack made against him by American newspapers published in the Philippines Mr. Taft made the following emphatic declaration:

Some of our young lions of the local press have spoken of the "childish slogan," "The Philippines for the Filipinos." It is unnecessary to comment on the adjective used, but it is sufficient to say that whether childish or not the principle makes up the web and the woof of the policy of the United States with respect to these islands as it has been authoritatively declared by two Presidents of the United States—for President Roosevelt has followed sedulously the policy of President McKinley—and by the interpretation of the supreme popular will, the Congress of the United States.

President Wilson, in his message to Congress on December 2, 1913, said:

We can satisfy the obligations of generous justice toward the people of Porto Rico by giving them the ample and familiar rights and privileges accorded our own citizens in our own territories and our obligations toward the people of Hawaii by perfecting the provisions for self-government already granted them, but in the Philippines we must go further. We must hold steadily in view their ultimate independence, and we must move toward the time of that independence as steadily as the way can be cleared and the foundations thoughtfully and permanently laid.

In the issue of Everybody's Magazine for January, 1915, President Roosevelt urged independence for the Philippines when he made the following unequivocal statement:

If we act so that the natives understand us to have made a definite promise, then we should live up to that promise. The Philippines from a military standpoint are a source of weakness to us. The present administration has promised explicitly to let them go, and by its actions has rendered it difficult to hold them against any serious foreign foe. This being the circumstance, the islands should at an early moment be given their independence without any guarantee whatever by us and without our retaining any foothold in them.

American policy toward the Philippines became definitely embodied in a state document known as the Jones law, enacted by the Congress of the United States on August 29, 1916. Its incorporation into a law is the culmination of the pronouncements previously made with regard to the Philippines. The preamble of this law contains a specific promise of independence, and is as follows:

Whereas, it was never the intention of the people of the United States in the incipiency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas, for the speedy accomplishment of such purpose, it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence.

The above references leave no doubt as to the aim of the policy adopted by America toward the Philippines. Any assertion to the contrary by any individual or group in support of the idea of retention lacks the weight and the authority of the above pronouncements. If imperialism at any time ever entertained the hope of making the Philippines the object of its sinister designs, the American people, through their authorized representatives, have on many an occasion made clear the futility of that hope.

A STABLE GOVERNMENT EXISTS IN THE PHILIPPINES

The establishment of a stable government having been made the condition previous for the granting of independence, let us now examine whether the Filipinos have fulfilled that condition. We affirm that they have. The political history of America constitutes an argument in favor of our contention. The case of Cuba furnishes a most typical example of the American interpretation of the phrase "stable government." The independence of Cuba was recognized by the American Government after the establishment in the island of a government elected by the suffrages of the people, supported generally by the people, and capable of maintaining order and of fulfilling international obligations.

This kind of government we have in the Philippines. It is a government founded upon an effective popular suffrage. Our elections are conducted in a peaceful and orderly manner, a fact which even the Wood-Forbes mission admitted in its report. The free and open expression of the popular will is assured by the safeguards provided in our election laws, which are not inferior to similar laws of other countries. Under this government, which is administered and managed almost entirely by Filipinos, perfect order reigns. The life and property of nationals as well as foreigners are fully guaranteed. The maintenance of peace and public order is in the hands of the local police and of the constabulary, the latter composed entirely of Filipinos and officered by Filipinos with a few Americans. For many years the constabulary was under the direction of a Filipino general, and it was only when he died that an American was put at the head of this organization by virtue of his being next in rank.

But there is a force stronger than the material which insures peace and order in the Philippines; it is the very character of the people, who have a natural respect for law and order. All the impartial observers of the Filipino people admit this fact without reserve. The Wood-Forbes mission, after a prolonged and extensive investigation of the situation prevailing in the Philippines about 10 years ago, said of the Filipino people in its report, "They are naturally an orderly and law-abiding people."

If by stable government is meant common purpose by organized citizenry within a given territory, an orderly government, respect for life and property, maintenance of liberty in its legitimate manifestations, that government exists in the Philippines, and it rests upon a more lasting and solid foundation than in many of the independent countries. A brief outline of the general conditions of the Philippines will picture the following:

SUFFICIENCY OF THE PHILIPPINE GOVERNMENT

The entire government, from the local administrative units to the central government, is almost entirely in the hands of Filipinos. It is a government constitutionally modern, patterned after the American system. There are no high American officials other than the Governor General, the Vice Governor, and five of the nine members of the Philippine Supreme Court. The Philippine Legislature is entirely Filipino. The judiciary is also Filipino, with the exception of two judges of first instance and the five American members of the

supreme court already mentioned. The entire cabinet is Filipino, with the exception of the secretary of public instruction, who also is the vice governor. It is a government supported entirely by taxes paid by the people. The public finance is in a sound condition, receipts being well over expenditures. The budget system was established in the Philippines before it was adopted in the United States. The public debt, the total of which is much less than our borrowing capacity, is fully protected by sinking funds.

The public services that the Government renders are efficiently managed. We have elementary public schools conducted in English even in the remotest villages. We have high schools in every Province. There are normal schools for the training of teachers. There are schools of art and trade. The great majority of the teachers in the public and private schools are Filipinos. There are only about 300 American teachers and most of these are engaged in the teaching of English. The state university has graduated men who have done excellent work in every branch of activity. A great many of the leaders of the young generation are graduates of this university.

When Cuba became independent 66 per cent of its population did not know how to read or write, according to the census taken at the time. In the Philippines the illiterates are only 30 per cent. It should not be forgotten that Admiral Dewey, after making a study of the Philippines, cabled President McKinley that the Filipinos then were more capable of self-government than the Cubans were. He reiterated this statement before a committee of Congress that held hearings on the Philippines soon after the Battle of Manila Bay. The Philippines has a higher percentage of literacy than 36 of the 57 independent nations to-day.

Sanitation is excellent. Epidemics are now of the past. Experiments in the cure of leprosy are progressing rapidly.

We have ample land and water communications. Secretary of State Stimson, who was Governor General of the Philippines, declared before a committee of the Senate that there are more miles of roads in the island of Luzon alone than in the entire South America, not including the cities.

The ability of the Filipino people to meet the expenses incident to an independent government has been made the object of a careful study by our economists, especially in connection with the celebration of the Philippine independence congress held in Manila during the month of February last. I wish especially to invite the attention of the committee to the very intelligent and comprehensive study made on this subject by the secretary of finance of the Philippine government, Hon. Miguel Unson. This paper has been inserted into the record of this hearing by the chairman of our delegation, the Hon. Manuel Roxas, and I urge the members of the committee to peruse it.

THE ALLEGED DANGER FROM EXTERNAL AGGRESSION

Among the arguments which opponents of Philippine independence adduce is our alleged inability to defend ourselves from external aggression. They assert that the Philippines should make herself so strong as to be able to repel invasion. If this test were applied

to all the nations of the world, how many countries would be entitled to independence? Not more than six or seven. The peoples of Switzerland, of Denmark, of Sweden, of Norway, of Holland, and of many South American countries would not be able to pass the test and would become mere colonies of the strong. But we assert that inability is not a proof of incapacity, as a distinguished authority on international law has stated:

The inability of some nations to stand alone under the existing conditions would be evidence of the unfitness of those powers which make the modern world unsafe for weaker peoples rather than that of the unhappy peoples who are the victims of international disorder and violence.

FAITH AND OPTIMISM

However, we envision a better world. We believe in the ability of strong powers to make of this modern world a place more secure for the small and weak nations. The efforts that these powers have exerted to establish international peace and friendship which have resulted in international conferences for the reduction of armaments and in the outlawing of war as an instrument of national aggression augur the coming of a new era of international relations, which will redound to the welfare of not only these powers but also of the small countries that aspire to a place in the concert of nations. Peace, to be real and lasting, must be founded upon justice, magnanimity, generosity, which are the only sources of friendship and good will in the world. It is not thus conceivable that the strong powers would adopt a norm of conduct for themselves alone and another, that of violence, for the weaker nations. Buoyed by this happy augury, the Philippines, once independent, will have as much probability of surviving as the smaller independent nations which have managed to survive.

Never has there been a more propitious moment than the present for the launching of an independent Philippine republic, for never in the history of the world is the conscience of humanity so averse to the spirit of conflict, of aggression, as at present, for the bitter lesson that the World War has taught is still fresh, and if one adds the undebatable fact that the international relations in the Pacific are being led to the channels of peace, of order, and of good will, the anxiety of the Filipinos to take advantage of the present happy state of things will be appreciated.

INDEPENDENCE IS NATURAL IMPULSE

The opponents of independence often ask Why is it that the Filipinos insist on separating themselves from America when, associated with her, they enjoy all the advantages and none of the burdens of independent existence? Our reply to this assertion is that the aspiration to be free is as natural and as inexplicable as the desire of the individual to emancipate himself from his parents and take care of a family of his own when he reaches a certain age. The Filipinos are conscious of their own nationality, of their own history, of their own customs and traditions, of their own race, from which springs their undying desire to be free. This national impulse is so strong among the Filipino people that they sacrificed their lives and prop-

erty when liberty demanded that price. No people that have undergone a baptism of blood and fire for their liberty will ever renounce it. This explains the unity of the Filipino people for freedom; this explains the failure of the anti-independence movement in the Philippines; this explains the unity of the political parties on the question of independence. As a matter of fact, no one can be elected to office in the Philippines unless he openly advocates independence. Some say that the non-Christian tribes of the Philippines, particularly the Moros, do not desire liberty. Nothing is further from the truth. At the independence congress held in Manila on Washington's Birthday, the Moros, speaking through their most authorized representatives, expressed themselves unequivocally in favor of independence.

INDEPENDENCE IS PRACTICAL AND REALISTIC

Independence must not be viewed only from sentiment. It is a practical, objective, and realistic thing. The Filipino people believe that only independence can mold their personality, develop their genius, and build their culture. They believe that, living as they live to-day, treated like minors, they will never reach a height of development of which their genius is capable.

The Filipino people also believe that in their present state of dependency with all its uncertainties progress is retarded. Capital demands the cessation of all agitation for independence, but this being impossible while there is one single Filipino alive, nothing can be done in this respect. Then there is the conflict of economic character between the two countries as evidenced by the movement in Congress to curtail the free entry of Philippine products in this country and by the movement to exclude Filipinos from America. It is true that the measures in Congress that embody these movements have failed up to the present. However, these movements still exist and the economic situation in the Philippines are still thus affected. With the Sword of Damocles hanging menacingly over our heads it is useless to expect that the Philippine industries that are benefited by free trade will expand themselves, because to do so would be running a great risk which is contrary to the conservative rules of investment. And while such a situation prevails, the Filipinos, because of free trade, are compelled to buy American products in a market that is highly protected. A situation such as this, artificially harmful and prejudicial to our interests, has only one solution— independence. Under the present uncertain and transient status nobody is benefited, neither America nor the Philippines.

We believe that it is our imperative duty to reiterate, as we hereby reiterate, our demand for immediate, absolute, and complete independence, and we indorse any measure which embodies this proposed solution. The Filipino people have already complied with the condition required of her for the granting of independence; it now remains for America to comply with the promise solemnly made in the Jones law, which is regarded as one of the most precious documents of human liberty. When this pledge has been fulfilled, America will not only have reasserted her moral leadership in the world but will be the recipient of the eternal gratitude of an entire people. For what greater reward can be

offered a nation already so rich in material well-being, such as America, than the perennial gratitude of a foreign people?

Mr. ROXAS. I likewise desire to yield a portion of my time to Mr. Pedro Gil, who is minority leader in the house of representatives and also a member of our delegation.

STATEMENT OF HON. PEDRO GIL, MINORITY FLOOR LEADER OF THE PHILIPPINE HOUSE OF REPRESENTATIVES AND MEMBER OF THE PHILIPPINE DELEGATION

Mr. GIL. Mr. Chairman and gentlemen of the committee, I desire to ask permission to file a statement expressing my views in regard to the Philippine question.

The CHAIRMAN. Mr. Gil, we will place your statement in the record. We are very glad to have it.

Mr. GIL. Mr. Chairman and gentlemen of the committee, the present legislative committee, in which both political parties in the Philippines are represented, was commissioned by the Philippine Legislature to urge the Congress of the United States to grant immediate, absolute, and complete independence to the Philippines. This desire should not be interpreted as an act of ingratitude or hostility toward the United States, because the Filipinos are the first to recognize the splendid work which America has accomplished in the Philippines. Our longing for independence springs from a natural feeling to be free, convinced as we are that only in independence can the Filipino people work out their own destiny. And we voice this desire fully conscious of the dangers and responsibilities which independence brings.

The Filipino people sincerely believe that the time has come for a definite solution of the Philippine problem. Independence has always been the goal of American-Philippine relations. Its concession will mean not only the consummation of the traditional policy of the United States toward the Philippines, but also the realization of the supreme aspiration of the Filipino people. Delay in the fulfillment of the solemn promise contained in the Jones Act can serve no useful purpose and benefits neither the United States nor the Philippines.

It is not necessary to emphasize the fact that the Filipino people long for their freedom and that they are united in this desire. The world knows that they have for a long time been struggling for national emancipation, first in the field of battle in a heroic and unequal combat, then in the realm of peace, making use of those legal instrumentalities which American justice and generosity has placed in their hands. Resolutions adopted first by the Philippine Assembly and later by the house of representatives and senate have always voiced the same patriotic sentiment. Year after year our municipalities, numbering nearly 1,000, as well as all of our provincial governments adopt resolutions for independence with the request that the Philippine Legislature transmit them to the proper authorities in Washington.

Let me state that Filipino business and labor organizations also time and again have passed similar resolutions. Both political parties have included in their respective platforms this desire of the

Filipinos to be free and independent. This sentiment among our people is truly national.

Our demand for independence is predicated upon the existence of a stable government in the Philippines, which is the only condition required by Congress for the granting of independence. President McKinley has defined stable government as "one capable of maintaining order, insuring peace and tranquility and security of its citizens, and capable of observing international obligations." To these two elements Mr. Root, in his instructions to the Cuban people, added the following condition:

A stable government must rest upon the peaceful suffrages of the people and must contain constitutional limitations to protect the people from the arbitrary action of the government.

The present government of the Philippines has complied with these requirements. Our government is democratic in form and structure. The powers are distributed among three independent branches, namely, the executive, the legislative, and the judicial, with separate and distinct functions but coordinate and coequal with each other. Our government rests upon the suffrage of the people.

The insular, provincial, and municipal officials are elected by popular vote. Our elections are conducted in a quiet and peaceful manner, although the issues are bitterly contested. The Filipino people are by nature and tradition law-abiding. Even during the short-lived Philippine Republic the foreigners enjoyed security. The report of the Wood-Forbes mission declares that the Filipinos are naturally peaceful and orderly people and that the constabulary, which constitutes our insular police force, has proved itself to be dependable and truly efficient.

The structure and machinery of our government are subject to constitutional limitations, guaranties, and safeguards which are essential in the maintenance of individual rights. Even the constitution of our short-lived Philippine Republic contained a Bill of Rights. Our present constitutional limitations and safeguards have existed since 1900 when we adopted the American Bill of Rights. They were incorporated in the organic act of 1916. The Philippine Government has for a long time been under these constitutional practices which have now become part and parcel of the political life of our country. Whatever political changes may occur in the islands, such constitutional guaranties will remain unaltered. We have an impartial judiciary whose duty is to see that these constitutional limitations and safeguards are properly enforced.

Financially, the Philippine government is sound. Receipts exceed expenditures. A comfortable surplus has been built up. Under these circumstances, it is clear that our government is in a position where it can provide adequately for all necessary activities.

Nobody can successfully deny the stability of our government which, in itself, is a credit, not only to the Filipino people, but to America. It might not be amiss to state that in spite of the fact that the American Army was temporarily withdrawn from the Philippines during the World War, peace and order reigned throughout the archipelago to a remarkable degree.

Laying aside the question of whether or not the Filipinos have complied with the requisites laid down by the Jones law, there are others

who oppose independence because of the fear of foreign aggression. The last 15 years, however, have brought about great changes in international relations. Certainly, after having announced to the whole world that the Washington conference had laid down a solid foundation for an international peace, the United States can not honestly, without losing faith in her own work, allege that she can not grant Philippine independence for fear of hostile designs by other countries.

Fortunately, the Philippine question is before the Congress of the United States at the most propitious time. If the Philippines were declared independent to-day, the present international situation would greatly serve to make that independence stable and secure. The Kellogg-Briand pact outlaws war as an instrument of national aggression. Then, there is the League of Nations. Membership to the league would mean a collective guaranty for the neutrality of the islands.

With regard to the allegation that the granting of Philippine independence would cause repercussions in the Far East and thus endanger the peace of the Orient, I desire to state that such a contention can not be successfully maintained. As a matter of fact, the nationalistic movement in India, Java, and the Malay Peninsula is not new. Long before America came to the Philippines the sentiment of nationalism among the subject peoples of the Orient had already manifested itself, and the agitation for independence in these countries will continue irrespective of whether the Filipinos are granted their freedom or not. But even if the granting of Philippine independence would cause repercussions among the subject peoples of the East, America should not hesitate to fulfill her sacred promise of liberating the Filipino people and continue thus her sacred mission of spreading democracy throughout the world. The Philippine question should be regarded by America, taking into consideration only the altruistic purposes that brought her to the Philippines. She should grant us our freedom because it is the right thing to do, whatever may be its effect elsewhere.

The granting of independence to the Philippines, however, would be a factor in securing peace in the Orient. Never in the history of the world has a people achieved their freedom other than by bloody revolutions, which are a direct contrast to the pacific and peaceful means employed by the Filipinos in their efforts to secure their own. And if America grants us our freedom, it would be a shining example for all subject peoples to follow. If Philippine independence, secured by peaceful means, became a reality, the other peoples of the Orient would make every endeavor to secure their own freedom through peaceful means instead of through uprising or revolution. The granting of independence thus would be an asset in maintaining the peace in that part of the world.

Then, at this stage of the world's development, methods of peace are more and more adopted for the settlement of disputes and differences. As I have already stated, a new order has arisen, and as instrumentalities for peace are being created, resort to arms as a means of settling differences among the peoples of the world gradually disappear.

The world to-day is already witnessing the loosening of the ties that bind the weak to the stronger nations. England has withdrawn

her protectorate over Afghanistan and has granted home rule to Ireland. She has recognized the independence of Egypt and Mesopotamia with certain restrictions and is disposed to grant liberal concessions to India. France has instituted parliaments in Tunis and Senegal. Italy has established parliaments in Tripoli and Cyrenaica. The granting of independence to the Philippines thus in no way conflicts with the trend which events are taking with respect to the granting of self-determination to weaker nations.

Universal progress, the spread of education among the masses, the facilities of intercommunication are their greatest assets in such a struggle. For man is fundamentally the same whoever and wherever he may be. The Indian as well as the English, the Javanese as well as the Dutch, the American as well as the Filipino, alike seek the opportunities for the enjoyment of the pursuit of happiness, which may be found only in an atmosphere of liberty, progress, and civilization.

So we assert that what the other subject peoples in the Orient ultimately do will not be determined by anything that happens in the Philippines, because when the millions of India, of Java, of Sumatra are ripe for liberty they will take it regardless of whether the Philippines have been granted their independence or not.

Then the Philippine question should be regarded by America, bearing in mind solely the high mission which has brought her to the Philippines. She should not permit whatever self-interest other colonizing powers may have in remaining in the Orient to influence her, because to do so would be contrary to her own history and traditions. She should grant us our freedom because it is right and just to do so. It is absolutely improper to take others into consideration, especially if they are guided by self-interest. It may not be out of place to state here that in no single act will the peoples of the East as well as the entire world judge the United States more strictly than in the manner with which she will fulfill her promise to the Filipino people. Her future relations with the Orient will depend upon the latter's conception of her reputation, just conduct, and good faith.

It is becoming more and more evident that there is a general desire in favor of a final solution of the Philippine problem. Those formerly opposed to independence now only advance the argument of economic unpreparedness for independence. With regard to this particular question, I wish to emphasize that under the present indefinite situation, it is an illusion to expect economic freedom before political independence has been achieved.

It will be noted that as soon as a policy of economic development was inaugurated in the Philippines at once there started in the United States a movement against our products. Under such a situation, who dares invest capital in the Philippines? How can there be economic progress under such a condition? It is for this reason that we are insisting that independence should be granted as a final solution compatible to the interest of both countries, and the sooner the better.

An argument which is frequently advanced against independence is that with it free trade will be discontinued and will cause irreparable harm to the country.

It may be conceded that the abolition of free trade will have for its immediate effect a serious economic disturbance in the Philippines, but this does not mean that our trade with the United States will be discontinued after the suppression of our tariff privilege. For instance, we have our hemp and copra, which constitutes nearly 30 per cent of Philippine exports to the United States. These products receive no benefit whatsoever from the free-trade arrangement, because no duty is levied by this country on similar products coming from other nations. Maguey is another important export which, like hemp and copra, is also included in the free list of the United States tariff. America, indeed, has a strong and natural demand for many of our principal products. The islands have always been considered by manufacturers of the United States as one of the best sources of raw material in the world. The Philippines have been more important to the United States as a source of raw material and other imports than as a market for American goods, from the very beginning of Philippine-American relations. It should be borne in mind that our exports to the United States before she came to the Philippines were thirteen times larger than our imports from the United States. This goes to prove how necessary our products are to the people of this country.

The unnatural diversion through the effects of the free-trade arrangement is also shown by the geographical distribution of Philippine exports both before and after the establishment of the special tariff arrangement. Europe was the principal market for Philippine exports before and during the early days of American rule. More than one-half of our foreign shipments were at the time destined to purchasers in Europe. During the year 1900, 55.59 per cent of the Philippines' total exports went to different countries of the European Continent. America's share for the same year was only 12.9 per cent. Asia got 25.98 per cent of our exports to all countries. From 1900 to 1908, inclusive, or a period of nine years, the United States got a yearly average share in Philippine exports of 32.6 per cent. When free trade was established in 1909, this percentage increased to 42.17 per cent, and 10 years later 50 per cent of our exports were being shipped to the United States. The total exports of the Philippines which went to the United States in 1927 reached 74.59 per cent.

It is evident that because of the present special tariff arrangement with the United States Philippine exports are being artificially induced to follow the American route and to be diverted away from other export fields. Those who advocate perpetual free trade maintain that nothing under the present free-trade relations prevents our exporting more to other countries.

Our answer is that it is precisely the free-trade arrangement which causes this. Free trade has made the American market a suitable place to sell Philippine products, and naturally these products have flown to that market in order to take advantage of the special inducement thus offered in preference to the markets of other countries. If Philippine exports did not enjoy free entry into the American market, the direction of their flow would be different. Europe would have a bigger share of our trade; so would China, Japan, and those of other far eastern countries.

True, there has never been any systematic effort in the past on our part to create more markets for Philippine exports outside of the United States. In the event, therefore, that free trade is abolished, practically no other outlets will be immediately available for our products outside of the United States. Whether they will survive the competition in that market which will be much keener upon the removal of the present tariff privilege, will depend not only on the success of the Filipinos in having the cost of operation reduced but also upon the maintenance and improvement of the qualities of their products.

Therefore, inasmuch as the abolition of free trade will not cause the absolute cessation of Philippine American commercial intercourse but that at least a substantial proportion of the present trade between the two countries will still subsist due to the fact that the possible decline of the United States demand for Philippine exports that may follow can be largely compensated by an increase of our trade with other directions, it is certain that such a discontinuance of the present tariff arrangement will not prove so disastrous to the economic life of the Philippines. We may say that the disturbance occasioned thereby will be but temporary, but after the period of readjustment will have run its course, the foreign trade of our country will again become normal and prosperous.

Our foreign trade at present is on an artificial basis. Philippine trade in sugar, embroideries, and other lines now depend for their existence upon the protection accorded them in the United States market. This condition is unsafe. The tariff incentive has not made it necessary for these export industries to be established on the most economical and permanent basis. On the contrary, it has given them an artificial life. Hence, it would be better for these industries to be trained by force of necessity to stand on their own feet and weather the stress of competition, or fail.

Take away the artificial inducement now offered to our exports by the United States tariff, and these exports will seek their permanent and natural market. Remove the privileges of American goods being landed in our country without any restriction, and new local industries will be given a better chance to thrive and develop. Then a clear way will be opened for the development of Philippine commerce along broader and more permanent lines. Then, and not till then, will our producers, manufacturers, and exporters view the future with greater satisfaction, certainty, and confidence.

In conclusion, Mr. Chairman, permit me to state that the Filipino people are fully aware of the situation which independence would create. They have carefully weighed the consequences of an independent national life and they are willing and ready to face them. They know that there can be no reward without effort and no effort without sacrifice. In appearing before this Committee, I have done nothing but express the supreme desire of my people to be free and carve out their own destiny.

Mr. KNUTSON. At this point, may I ask whether or not all of you are in favor of Philippine independence?

Mr. GIL. Yes, sir. Both political parties are united in that desire. So strong is this desire that no candidate is elected to office unless he is for independence. As a matter of fact, I may add that

the present Philippine delegation was created by virtue of a resolution unanimously passed by the Philippine Legislature with instructions to work for early independence. The members of the Philippine Senate and House representing the Moros and the other non-Christian Filipinos voted with the rest of the members of the legislature for the sending of the delegation now appearing before you. The Filipinos' aspiration for independence is truly national. Not only those identified in politics are in favor of independence but also the conservative elements of our country such as our farmers and our business men. Only recently the first convention of Filipino business men was held in Manila and one of its first acts was to pass a unanimous resolution urging the granting of independence. The farmers also held a convention and passed a similar resolution. This action of these two elements of our country is very significant in view of the fact that they are the ones who would be most affected by independence, but, as it may be noted, they are disposed to bear the temporary adverse consequences which freedom entails.

Mr. KNUTSON. Do you want independence at an early date?

Mr. GIL. Immediately. We have carefully weighed the consequences of independence, and we are willing and ready to face them. We are fully aware of the economic disturbances which independence will bring, but we also realize that the longer we remain with the United States the stronger will be the economic ties that bind the two countries and the harder it will be for us to sever those bonds. We want our independence now that we can stand the shock of separation, and the sooner the better.

Mr. ROXAS. Mr. Chairman, as I have previously announced, with the approval of the committee, I desire to yield to Hon. Juan Sumulong. He is minority floor leader of our senate, and is at the same time the leader of the opposition party in the Philippine Islands. He arrived only two days ago, and this will be his first opportunity to appear before the committees of Congress and speak on this subject. I propose to resume my testimony at the conclusion of his.

STATEMENT OF HON. JUAN SUMULONG, MINORITY FLOOR LEADER PHILIPPINE SENATE

Mr. SUMULONG. Mr. Chairman and gentlemen of the committee, on February 22 last there was held in Manila what is now known in our history as the First Independence Congress of the Philippines. More than 3,000 delegates, representing the vital elements of our country—the municipalities and Provinces, members of the present Philippine Legislature, as well as the survivors of the Malolos Congress of the erstwhile Philippine Republic, farmers and merchants, representatives of labor and capital, educational and religious leaders—took part in the deliberations and labors of this congress.

Mr. THURSTON. May I ask right there whether the Moro people were represented in that gathering?

Mr. SUMULONG. I am glad to say that they were. I will refer to this later on in the course of my testimony. I desire at this moment to point out some of the more salient points concerning the Independence Congress which might be of interest to you.

Mr. KNUTSON. In a few words, tell us how the delegates to that convention were selected, and who were selected as delegates.

Mr. SUMULONG. I was just going to do that. This congress was not called by any political party or by influential political leaders. It was organized at the instance of some of the professors of our universities in conjunction with independent citizens.

I may say here, for I am a member of a political party in the Philippines, that the leaders of both the majority and minority parties there refrained from taking the initiative in organizing this congress for we were aware of the fact that the opponents of independence claim that the independence movement in the Philippines does not reflect the real sentiments of the mass of the people, but is only inspired and prompted by ambitious political leaders.

Immediately after the inaugural session the congress subdivided itself into sections, each under the guidance of experts of recognized ability in their respective lines. The problems and difficulties which an independent Philippine government will have to face, especially during the first years of its existence, were thoroughly discussed—economic preparation, public finance, education, relations between labor and capital, agriculture, internal and external commerce and trade, organization of the central as well as the local governments, public works, national defense, and international obligations.

Referring now to the question asked by Congressman Thurston regarding the Moros, I wish to say that a distinguished delegation of Mohammedan Filipinos known as the Moros was present during the entire congress as members. Their presence was enthusiastically received not only by the other members of the congress but also by the vast multitude that daily came to witness its proceedings. Their unconditional adherence to the demand for freedom, manifested in this congress and on many occasions in the past, constitutes a complete refutation of the groundless assertion that the Moros are hostile to the cause of independence. I may add that among the Moro members of the congress was a revolutionary leader in Mindanao during the war against Spain and against the United States. In this connection I wish to recall the fact that the Moros in the Philippines accepted the authority of General Aguinaldo during the revolution against Spain.

One important feature of the congress was the participation of our women. The Filipino woman, the Christian woman of the Orient, occupies a high social position in our country, equal to that occupied by women in the countries of the west, and certainly much higher than that occupied by women in the Orient. In the Philippines the work on education is to a great extent in the hands of our women; they generally direct and control campaigns against infant mortality and against social evils.

Mr. THURSTON. If Congress should write an organic act for the islands, would you desire to have incorporated therein the privilege of franchise for woman?

Mr. SUMULONG. I think the franchise privilege will be granted to our women by the Philippine Legislature in the near future. The only reason why this has not as yet been done is because some of our legislators believe that the grant of the franchise to women should be preceded by a repeal of certain provisions of our civil code which are prejudicial to the civil rights of our women, especially the married ones.

Mr. THURSTON. Is it highly restricted, narrow?

Mr. SUMULONG. We desire to amend these obsolete provisions of the Spanish Civil Code and grant our women political equality with the men.

Mr. KNUTSON. Let me call your attention to the fact that Porto Rico last year extended the right of suffrage to women, but they coupled with it a literacy test. By that I mean they have to be able to read and write; and, of course, to do that they had to say that the men, from the date of the passage of the act, would have to meet the same qualifications, but the act was not made retroactive. There had been a strong movement for woman suffrage in Porto Rico. The women appealed to Congress here and it was recommended that the Porto Rico Legislature grant it, but they did not do it very fast, and the House passed the bill. Then it was held up in the Senate to give the Porto Rico Legislature a chance to carry out the promise they had made to the women when they passed that bill. So far as I know, it is a very good piece of legislation; it is working all right. However, I am not saying that your people should do that; I am just telling you what the Porto Ricans did in a similar case.

Mr. SUMULONG. There is a very strong sentiment in the Philippines in favor of granting the franchise to our women, because they occupy a very important place in the home. I think they have more control of the finances of the home than any other women in any country I know of.

The **CHAIRMAN.** I am glad to hear you say that, because I have heard that to be true, and I was anxious to know whether it was a fact. I mean the committee has been told that the Philippine women are very important factors in the home; that they are really the financiers.

Mr. SUMULONG. They have organized puericulture associations. They are recognized leaders in the movement against social evils throughout the islands. It will thus be noted that our women are a great factor in our social life and deserve the franchise that it is proposed to give them.

The **CHAIRMAN.** Has the question of suffrage been discussed in the legislature at all?

Mr. SUMULONG. If I remember rightly, it has.

Mr. ROXAS. It has been, several times.

Mr. SUMULONG. Mr. Roxas says it has been discussed several times, but it was not acted upon at the last session because it came up with the question of reforming our divorce law. Speaker Roxas tells me that it passed the senate once. There is a great deal of opposition in our country against liberalizing our divorce law too much, and it was a very unfortunate coincidence that woman suffrage and divorce reform were taken up at the same time. I believe that at no far distant time the Philippine Legislature will again take up the question of woman suffrage in the Philippines and that our women will finally be granted the right to vote.

Mr. THURSTON. You made reference to the groups in favor of independence. I do not ask this to embarrass you, but for the information of the committee, is anyone in your group authorized to speak for or express the attitude of, General Aguinaldo?

Mr. SUMULONG. No one among us here.

Mr. ROXAS. May I interrupt, Mr. Chairman, just to insert a telegram, or call the attention of the committee to a telegram sent by General Aguinaldo on that particular subject?

Mr. THURSTON. You may want to put that in some other order.

Mr. ROXAS. I just wanted to say that General Aguinaldo sent a telegram containing a resolution of the veterans of the revolution in convention assembled, favoring immediate independence of the Philippine Islands.

Mr. THURSTON. Would that include General Alejandrino?

Mr. SUMULONG. I am sure of that, because I was in Manila when the Association of Veterans of the Revolution approved this resolution, and I am a member of that association myself.

Mr. KNUTSON. Suppose you tell us a little something, now, about your government, your ability to maintain law and order, something about your budget, receipts, expenditures, school system, and the status of privately owned property, as to its security, and one thing and another—something that will give us some idea about your present conditions and ability to govern yourselves.

Mr. SUMULONG. I shall be very glad to do that.

The CHAIRMAN. Mr. Knutson, you may remember that that question was brought up yesterday and it was understood that Mr. Roxas was going to furnish that information.

Mr. KNUTSON. I think we ought to have it.

The CHAIRMAN. Absolutely. Make your statement, Mr. Sumulong, and the matter Mr. Knutson requests can be put in by Mr. Roxas at some later date.

Mr. SUMULONG. I desire to impress the committee with the undoubted fact that the Filipinos are absolutely united in their demands for independence, and this independence congress is the most definite proof of that unity. The movement is not only supported by the political leaders but by the people themselves. The proceedings of this congress will soon be published in book form, and I hope that copies will be distributed among the Members of Congress.

There is one point I should like to dwell upon. Speaker Roxas truly stated, when he appeared before this committee yesterday, that the agitation in this country against Philippine products such as sugar, coconut oil, tobacco, and even cordage, is retarding and will continue to retard the economic development of the islands. Philippine producers do not dare to increase production—they are content with maintaining themselves under the present static situation—because the tariff privileges which their products now enjoy may be removed at the least expected moment, resulting in the paralyzation of those industries.

We have no quarrel with the American producer who exerts every effort to eliminate the alleged competition of Philippine products. For my part, I am glad of this move on his part, because it reveals the temporary nature of the so-called free trade. It is best that it be realized from now on that this conflict of interests is bound to occur sooner or later, for in that way we can avoid further increases in our production which would render more disastrous the consequences which a change in our economic relations would bring to the Philippine products now depending on the free American market. But the suppression of free trade should, in justice to us, bring

with it the recognition of our right not only to exclude American products from our market, or subject them to more or less high tariff rates, but also our right freely to seek as an independent nation new commercial arrangements with other countries.

The CHAIRMAN. May I ask a question there?

Mr. SUMULONG. Yes, sir.

The CHAIRMAN. If the slight fear they now have that the market might be closed to them should be made more definite by a declaration that we were going to give the Filipinos their independence, which, of course, would be a definite statement that the markets would be closed, how could they proceed, or what inducement would there be for the Filipino farmer to go ahead and extend his credit or extend plantations when he would not have the market to turn to and when it is going to take some years to find a market to replace the American market? Of course there has been no positive declaration at all by Congress that independence was going to be passed next week, or next month, although it has been very much discussed.

Mr. SUMULONG. I have discussed with Filipino farmers, especially the sugar men, the question embodied in your remark. Their opinion, briefly stated, is that they are in favor of independence. They agree with us on this question entirely, but they would like to have a period after independence has been granted during which to adjust themselves to the new situation.

The CHAIRMAN. Then, in other words, in your judgment, as I understand it—and I do not want to misquote you—the best interest of the Philippines would be served by not breaking our relations off immediately, but rather enacting legislation fixing a definite date not too far ahead, but long enough ahead for your people to make their plans, do their financing, and find their markets?

Mr. SUMULONG. I wish to be clear on this point. The Filipino sugar men, as I said before, would like to have a period of readjustment; in other words, to have the present free-trade relations continue for a certain period after independence; but if that is not possible, they want independence to be granted immediately even if it means discontinuance of free trade simultaneously.

The CHAIRMAN. On that theory, what they would like to have is independence with the assurance that the American markets would be open for a certain number of years?

Mr. THURSTON. You mean that they would be given preferential trade arrangements?

The CHAIRMAN. Yes.

Mr. SUMULONG. They feel in this respect that their industry was built under a policy of free trade with the United States. This régime of free trade was not a policy of the Philippine government but, as we all know, was imposed upon us by the Congress of the United States; and they feel that they have a right to ask for a continuation of such policy for some time after independence.

Mr. DUNBAR. Let me put it to you in the alternative: If the Filipinos had to accept either immediate independence with an absolutely severed status or no independence, which would be accepted?

Mr. SUMULONG. I beg pardon?

Mr. DUNBAR. I asked if the Filipinos were offered immediate independence with absolute severance of relations or no independence, which would your people prefer?

Mr. SUMULONG. We prefer, of course, immediate independence, because the uncertainty of the present situation is paralyzing business and industry there.

The CHAIRMAN. Personally, I think it would be very unfair for the United States to do anything which would cripple you by building tariff barriers and taking away all the influence and prestige that we have given you. What I am afraid of is that the people in the United States who are advocating Philippine independence so strongly are not thinking about your best interests at all, but are thinking about getting rid of you, and the quicker the better; and that is an unfortunate situation. In times past, I believe there have been a number of advocates of Philippine independence on moral grounds, and I believe those people were working for your best interests. It is getting now to be an economic question, and the people in the United States who are the most active at this minute in supporting your plea for independence are giving very little thought as to what is going to happen to you. The thought in their mind is what is going to happen to them.

Mr. KNUTSON. May I interpose at this point to say, while I recognize there is a moral aspect to this question, so far as I am concerned I am frank to say that the economic angle is the one that impelled me to introduce this legislation.

Mr. THURSTON. That phase very likely will dominate on the floor of Congress.

Mr. KNUTSON. Absolutely. There are people in this room to-day who changed their views on Philippine independence solely by reason of the enormous exports to this country which enter into direct competition with the agricultural products of this country.

The CHAIRMAN. I am glad to hear Mr. Knutson say that, because I think that is the truth, and he expressed it to me personally. I realize that when we approach it as an economic question it is entirely different. For more than a hundred and fifty years the advocates of prohibition worked along the line of morality, but as soon as it became an economic question it was only a few years until we passed prohibition. Now, I am not saying that to get into an argument on prohibition, but I am only pointing out what caused the quick change. One hundred and fifty years of effort by a very fine type of men and women along the lines of a moral issue, and they did not get any place. They did not get any further than you people have gotten on the moral side of the question of independence; but now it is getting to be an economic question, and just as our colleague Mr. Thurston says, when it comes to the floor of the House the vote will be largely influenced by the effect the measure will have on the constituents of the Members of the House. If they are convinced that your products are coming into this country and interfering with theirs, they are not going to care much what happens to you, because you do not vote in their district, and the other fellows do.

Mr. KNUTSON. Your vegetable oils have already destroyed our market for animal fats.

Mr. SUMULONG. Mr. Chairman, let us not go into the motives of the American farmers who espouse our cause.

Mr. KNUTSON. We realize that the subject can be approached from different angles.

The CHAIRMAN. I am afraid that we are taking too much of Mr. Sumulong's time.

Mr. SUMULONG. I should like to say again that our main concern now is the uncertainty of the situation in the Philippines. We want that clarified.

The CHAIRMAN. Would that be clarified if the Congress, in its judgment, should within a reasonable time settle the Philippine question by fixing a date some time in the future—I am not stating the year, but within a reasonable time—to give you independence?

Of course, that is not going to satisfy Mr. Knutson and his friends. That is a question that we will have to thrash out here in Congress; but it looks to me as if the solution for you, from your financial point of view and from the point of view of this uncertainty that you talk about, is that if your sugar people could know—using them only for purpose of illustration—but your business people, I will say, should know that their markets in the United States were going to be open to them for a certain period, then you could go to your financiers, study the situation, and probably get money to back your farmers.

Mr. SUMULONG. The members of this committee are aware of the fact that there was a time when many of the Americans that have interests in the Philippines or who, for one reason or another, are interested in the future of the Philippines, were opposed to independence and proposed the permanent annexation of the islands to the United States as a solution to the Philippine problem. But even they have become convinced that the present state of uncertainty can not be permitted to continue much longer. They have even gone so far as to assert that they would prefer independence to the prolongation of the present transient status, because such a step solves the problem definitely. It is not surprising that both Filipinos' and Americans' immediate and definite clarification of the political status of the islands for one and the other equally suffer from the harmful effects of this state of indefiniteness.

The CHAIRMAN. But these Americans you refer to are not for immediate independence, so far as I know.

Mr. SUMULONG. Not for immediate independence, but they are decidedly in favor of some definite American policy in the Philippines, and some prefer independence to the present uncertainty.

Mr. KNUTSON. What would be your idea as to the date for fixing absolute severance in reality; that is, political severance?

Mr. SUMULONG. We should like to leave that to the gentlemen of the Congress, because our instructions are to work for the granting of independence as soon as possible.

Mr. DUNBAR. Immediate independence.

Mr. SUMULONG. Immediate independence. Those are our instructions, mainly on the ground that we want to get rid of this uncertainty. As I stated before, even the Americans are clamoring for some definition of the question.

Mr. DUNBAR. Suppose you were given independence effective five years hence?

Mr. SUMULONG. I beg your pardon; did you say five years?

Mr. DUNBAR. Five years from now; would it not enable you, anticipating your independence, to adjust your agricultural conditions so that you may lay plans for their future development, knowing that the United States would keep its word, and give you your independence at the end of five years?

Mr. SUMULONG. Many sugar men have told me frankly that they need at least five years after independence to readjust their operations under the new conditions.

Mr. DUNBAR. My use of the phrase "five years" is just an arbitrary figure for the purpose of argument, but knowing that at the end of five years, or whatever period of time should be set, that you were going to have your independence, would not your economic condition be immediately adjusted so that when independence was secured you could go right on almost as if you had received it now, enjoying in the meantime the protection of the United States respecting any disturbances that might arise due to the development of international affairs, which at this time seem to have a tendency indicating great disturbance?

Mr. SUMULONG. I think the general opinion in the Philippines is that we ought to maintain as close and friendly relations with the United States as possible, even after independence.

Mr. DUNBAR. I think they always will be, but you have no claim on them after you get your independence, no substantial claim.

Mr. KNUTSON. You probably would be given some preferential tariffs; you would be put on the same status with—

Mr. THURSTON. That is in trade.

Mr. KNUTSON. And we would probably enter into some kind of a treaty with the Philippines. We would have to retain a naval base there, and a commercial port, to break up our cargoes for the Orient. That is contemplated in this legislation.

Mr. DUNBAR. Mr. Knutson, I want to say in reply to your question that we have in Cuba a preferential duty on sugar. All the sugar we import from any part of the world outside of Hawaii, the Philippines, Porto Rico, and Cuba amounts to nothing.

Mr. KNUTSON. How do you mean, it amounts to nothing?

Mr. DUNBAR. I mean that not 1 per cent of all the sugar we import into the United States from anywhere except Cuba, the Philippines, or some of our possessions.

Mr. KNUTSON. That is true.

Mr. DUNBAR. Our rate is practically a rate against Cuba, and nothing else; so, if you come under the same terms as the relations we maintain with Cuba, which I am sure you would—

Mr. KNUTSON. There is a considerable quantity of sugar imported to this country from Java, is there not?

Mr. SUMULONG. I think so.

The CHAIRMAN. I do not know of any.

Mr. DUNBAR. Very little.

Mr. WILLIAMS. Would not that apply to the production of vegetable oils?

The CHAIRMAN. It certainly would call for the establishment of a special treaty giving them preferential duties.

Mr. KNUTSON. I am satisfied that the question of Philippine independence will be the issue in the Mississippi Valley in 1932; and I want to get it out of the way before the next election.

Mr. WILLIAMS. It will be a big issue in many congressional districts this year.

Mr. DUNBAR. The sugar duty would be on a comparative basis between Cuba and the Philippines. I think that there would be some duty on vegetable oils. In fact, Mr. Knutson said there would be a tariff placed on vegetable oils so as to satisfy our farmers in the West.

Mr. WILLIAMS. That is the part of the question the South is interested in. Of course, Louisiana is interested in sugar, but the cotton producing States are all interested in the edible vegetable oils.

Mr. KNUTSON. So are the swine raisers.

Mr. THURSTON. I do not think we are so much interested in the abstract question of the right of autonomy, or franchise. Those will not be the dominating questions in the discussion of this bill when it reaches the floor. It will be almost wholly economic, and it seems to me that that is the question, divorced from the political matters, that you people must have in mind.

You claim you can not make money under the present situation, and when your tariff preference, which amounts to \$30,000,000 a year, is taken from your treasury, probably without replacement, it will be interesting for us to know how you propose to have a stable government and a balanced budget without access to the best market in the world.

The CHAIRMAN. Mr. Williams, you brought up the matter of cottonseed oil. You, of course, are familiar with the fact that the Philippines is the best market in the world for our cotton goods. They buy more cotton than anyone else.

Mr. WILLIAMS. And import more copra and coconut oil in this country, which materially affects the price of cottonseed oil.

The CHAIRMAN. We are talking about the other side of it; they are the biggest cotton market we have in the world.

Mr. WILLIAMS. I understand that.

The CHAIRMAN. You say the Filipinos are determined for independence, but do they know what is going to happen to them if they are granted independence and all the favorable conditions under which they exist to-day are taken away? It will be cause for unrest. As has been suggested, we might make some preferential rates by treaty. I am afraid that it is a case of wanting the penny and the cake, too. You want to have independence and also have the protection of the United States, and have our free markets. That would be a beautiful picture, and fine from your standpoint; but I am trying to show you that the people who are going to grant you independence when this is passed by the House and by the Senate are people who are doing it, not for your benefit, but because it is an economic question that directly affects their districts, and that they will not want to give you any advantage. That is what they are striving to take away from you. That is the thing that I think your people back home ought to be told and realize. They ought to understand that everything is not going to be as roseate in the Philippines as it has been painted if you lose the markets you have built up in 30 years.

There are still some friends of the Filipinos in Congress, and I am a friend of the Filipinos, although I am accused of trying to keep

you from getting your independence immediately. I plead guilty to that, because I am not convinced that it would be a good thing for you; but I am trying to bring out the point that I can see that the pressure is going to be so great in this country to get rid of you, to dump you from an economic point, that those friends that you have must try to work out eventually some bill that will give you time enough to arrange your economic questions.

Mr. WILLIAMS. Mr. Chairman, it occurs to me in the interest of saving time that the information developed before this committee in these hearings ought to be on economic questions alone, for everyone in Congress knows that if the Philippine Islands are ever free, it will be for an economic reason.

The CHAIRMAN. You are absolutely right; and that question was brought up yesterday.

Mr. WILLIAMS. What this committee wants is the economic aspect.

The CHAIRMAN. Mr. Williams, that question was brought up yesterday, and Mr. Roxas said he would undertake to furnish us with that information. Mr. Sumulong just arrived the day before yesterday, and this is his first appearance before any committee. Our idea was to let him make his statement from his viewpoint.

Mr. WILLIAMS. I want to be sure that we get that information from some of the witnesses.

Mr. KNUTSON. I wish to remark at this point that when I introduced this resolution and the Commissioners of the Philippines came to my office to see me, I told them—and they will bear me out—that this legislation had been introduced as a protection for the American farmer, rather than to give the Philippines their independence from an altruistic angle; and, furthermore, I told them to notify their constituents of the purpose of this legislation, so there would be no misunderstanding and to inform them that the whole picture has been changed in this country so far as the question of Philippine independence is concerned. From now on it is an economic question.

Mr. OSIAS. Mr. Chairman, may I add to what Mr. Knutson said regarding our visit to him one statement, in order that you may have the complete background? We then informed Mr. Knutson that we realized that additional forces besides moral forces were at work in favor of independence. We also informed Mr. Knutson that our people realized that we will suffer some dislocation in our economic life immediately following the grant of independence, but that we believe that we can stand the shock better now than in the future, and that the people are ready to bear the suffering and the dislocation which independence entails, believing that independence is more precious than gold.

Mr. KNUTSON. Would you suffer any more than the Americans suffered at Valley Forge?

Mr. OSIAS. No. We are probably better prepared for independence than were the American colonies immediately following the Revolutionary War.

Mr. WELCH. In other words, you want independence regardless of the fact that tariff barriers will be placed against your imports?

Mr. OSIAS. Yes, sir.

Mr. WELCH. You are satisfied of that?

Mr. OSIAS. Yes, sir.

Mr. ROXAS. Absolutely.

Mr. WELCH. If they are satisfied, we should be.

Mr. DUNBAR. I asked the gentleman a question a while ago—he may not care to answer it—but the Resident Commissioner has partially answered it. I asked you if you would rather have your independence now or have it deferred five years, using that length of time merely for purposes of illustration, having our protection in the meantime. The Resident Commissioner has said they would rather stand the shock now and endure all of the revolutions in business and in economic affairs now than to wait a length of time. Would you care to express your views on that question, Mr. Sumulong?

Mr. SUMULONG. Just a moment ago I stated the views most prevalent among the Filipino sugar men, because sugar is the one product that would be most affected by the suppression of the present free trade.

Mr. DUNBAR. But if you knew that you were going to get independence in five or eight years, could you not immediately begin to go ahead with your sugar development?

Mr. SUMULONG. As I have said, the sugar men felt there should be some kind of an adjustment, but the general opinion is that we ought to have independence now, or as soon as possible, in order to end the present uncertainty as to the future.

Mr. DUNBAR. That is what I wanted to know.

Mr. SUMULONG. I should like to make clear our position in this matter. As Mr. Osias has just said, we over in the Philippines realize that the benefits that we derive from the present free-trade relations are essentially temporary. These benefits can not be permanent, because sooner or later American products, against which our products will compete in the future, will in the end be protected in some way against our products.

We are urging you to decide upon a definite statement of policy before we increase our investments, for if free trade must end it is best for us to know it in advance so we may prepare for the future. We admit that some of our products, especially sugar, have benefited from the present free-trade arrangement, but we are willing to forego those benefits.

Mr. KNUTSON. Of the two groups of agricultural interests, the sugar growers and the copra producers, which would find it easier to adjust themselves to the proposed new conditions?

Mr. SUMULONG. The coconut growers, no doubt.

Mr. KNUTSON. They are by far our most serious competitors. Your sugar is not.

Mr. SUMULONG. We can find markets more easily for our coconut oil after the United States market has been closed to us than we can for our sugar. I do not think that coconut oil and its by-products will be so much affected by the suspension of the present free-trade relations as will sugar.

Mr. Chairman, I wish to take up another phase of the Philippine question. One of the arguments most commonly used against Philippine independence is that its concession would kindle the agitation in India, Korea, Java, and perhaps Indo-China. I make

my own the statement made here yesterday by my colleague, Speaker Roxas, that even though the creation of an independent Philippine government might produce such an effect, it should not be an obstacle toward the fulfillment of the promise solemnly made by the United States to grant the Philippines their independence. The Philippine question should be judged solely on its own merits.

I do not pretend to be thoroughly familiar with the situation in India, Korea, and Java. But I venture to make the assertion that regardless of the nature of America's final decision on the Philippine question, that decision will have but little effect, if at all, on the agitation in those countries, an agitation which, in India, for example, was already under way long before the United States promised the Philippines their independence.

I have read—although I do not now remember the exact source of my information—that the Indians, among other reasons, feel deep resentment toward Great Britain because, in spite of the fact that during the World War they contributed more men and money than the self-governing colonies of the empire, they have not received from the mother country concessions proportionate to their sacrifices as compared with those of the self-governing colonies. The Indians also claim that Great Britain has systematically fostered the religious differences between Hindus and Mohammedans, instead of conciliating those differences. I can not positively say that these charges are well founded, but assuming that they are and that they do constitute some of the causes of the present disorders in India, I can not conceive how the reversal of America's policy in the Philippines would in any way change the situation in India for the better without removing the causes just mentioned.

Mr. Chairman, speaking from a broader standpoint, one of the causes which observers most generally admit to be responsible for the recent agitation in India, Java, China, and other Asiatic countries is the awakening of the spirit of nationalism and of a deeper sense of dignity among the nations of the Orient.

Mr. THURSTON. Is there a unified effort among the peoples in the East to bring about what we know as self-determination? Is there such an organization?

Mr. SUMULONG. I am told that that is so among certain intellectual classes in some of those countries. I do not know this for sure because the Filipinos have never participated in it, for our relations with the United States are different.

While in India they indulge in civil disobedience, boycott, and so forth, we come here to plead our case. We come here because we have confidence in you and because you have treated us much better than any other colonizing powers have treated their colonies. I am glad to admit this, and I know every Filipino feels the same.

Mr. ROXAS. We have admitted that.

Mr. SUMULONG. I should also like to say a few words in answer to some of the questions that have been raised in a general way. I think every member of this committee knows that we now have in the Philippines absolute control of our legal governments; that is, the government of the municipalities and Provinces. In the central government, the administration of affairs is in the hands of the

Filipinos under the control and supervision of the Governor General. Every grant of autonomy to the Filipinos has been justified by the efficient manner with which they have exercised every additional power intrusted to them. There is therefore every reason to believe that the transfer of the powers of government to the Filipinos still retained by the United States can be effected without adverse consequences.

Mr. THURSTON. Was the council of state reorganized?

Mr. SUMULONG. Under Governor General Stimson; yes.

Mr. KNUTSON. Do you experience any trouble in enforcing law and order in the Provinces and political subdivisions?

Mr. SUMULONG. Not at all.

Mr. KNUTSON. How long have you been administering the affairs of the political subdivisions?

Mr. SUMULONG. Since 1900. There has been a gradual extension of power since then.

Mr. KNUTSON. When was your present power given you?

Mr. SUMULONG. The Jones Act, which was passed in 1916, gave us complete control of the legislative branch of our government. Since then a cabinet was organized composed of Filipinos, except the secretary of public instruction, who is the vice governor.

Mr. KNUTSON. Was that under the Jones Act?

Mr. SUMULONG. Under the Jones Act. The municipal government and the provincial governments were organized during the first years of American occupation.

Mr. DUNBAR. Do you read the newspapers in the United States?

Mr. SUMULONG. I have read some of them.

Mr. DUNBAR. Have you noticed the amount of crime reported here each day?

Mr. SUMULONG. I have not noticed it especially. Of course, what is happening in Chicago can not escape the attention of anybody.

Mr. DUNBAR. Do you have as much crime in the Philippines as the newspaper reports say we have in the United States?

Mr. SUMULONG. I beg your pardon?

Mr. DUNBAR. Do you have as much crime in the Philippine Islands as the newspapers say there exists in the United States?

Mr. SUMULONG. I do not wish to answer that question, Mr. Congressman, because my reply might be embarrassing for both of us.

Mr. DUNBAR. You do not have as much crime there as we have in the United States.

Mr. SUMULONG. If you insist on your question, I will say no.

Mr. KNUTSON. Do you have any racketeers over there?

Mr. THURSTON. This gentleman is a scholar. He does not understand slang.

Mr. KNUTSON. This is a new industry we have over there.

Mr. ROXAS. A new profession.

Mr. SUMULONG. We have enjoyed, and still enjoy, perfect peace, with exceptions occasionally, of course.

Mr. THURSTON. If it would not divert you from your line of thought—and I do not desire to do that—but if you desire to, I would be very pleased to have you direct your remarks toward the proposition of how your people expect to develop or acquire markets for your sugar and copra, and your other principal products, whenever there is raised a tariff barrier against their importation into the United

States. Could you give us some idea of how you expect to get your replacement markets?

Mr. SUMULONG. I think the most difficult problem will be to find markets for our sugar, because the United States has increased the standard of living of the people, as Mr. Roxas said yesterday. Our labor in the Philippines is higher than in Java and the other neighboring countries, such as China and Japan. Now, we will either have to reduce wages or find a more efficient and a more scientific way of producing sugar.

Mr. KNUTSON. What is your average wage?

Mr. SUMULONG. We would have to make use of fertilizers to a much greater extent. As to the cocoanut oil and its by-products, we do not believe we will find much difficulty in finding other markets for them.

Mr. KNUTSON. Would you mind telling the committee what you pay your farm labor, or labor on the sugar plantations, per day?

Mr. SUMULONG. I am not very familiar with the wages in the South, where most of the sugar plantations are, but I may say that I believe that the average daily wage is 40 cents.

Mr. THURSTON. Which is it, 40 cents or centavos?

Mr. SUMULONG. Cents, gold.

Mr. KNUTSON. Forty cents, gold?

Mr. SUMULONG. Yes, sir.

Mr. KNUTSON. That makes pretty hard competition for the American farmer, does it not?

Mr. THURSTON. What part of the Islands do you reside in?

Mr. SUMULONG. Central Luzon.

Mr. THURSTON. Wages are much higher there than in other islands of the archipelago, are they not?

Mr. SUMULONG. Not necessarily so, sir. There are other Provinces where wages are higher.

Mr. THURSTON. And others where they are lower.

Mr. SUMULONG. When I mentioned 40 cents as an average, I did not mean for all classes. We have some class of workers that receive much higher wages. For instance, I paid \$2 a day to a first-class carpenter that did some repair work on my house shortly before I left.

Mr. ROXAS. Here is a table that gives some of those figures.

Mr. KNUTSON. According to this table given me by Mr. Roxas you are paying on your sugar plantations from 50 cents to 75 cents a day, and in your cocoanut industry you are paying from 75 cents to \$1.75 a day. Does that include board and room?

Mr. ROXAS. No, sir. That is why those figures require some explanation, because the laborers in some industry enjoy certain privileges aside from their wages. For example, laborers who work in the sugar plantations are provided with housing facilities, water, and light. Besides that, every laborer who lives with his family in a house owned by the owner of the plantation is given a small plat of land where he cultivates vegetables and bananas, and so forth, for the use of his own family. He gets all the products that he can use and raise on that piece of land. That is with regard to the sugar plantations, and with regard to the rice fields, they also are supplied with houses by the owner of the land. That does not apply

to industrial centers. The tobacco laborers do not enjoy those privileges.

Mr. WILLIAMS. That applies to copra?

Mr. ROXAS. Yes; it applies to copra. The laborers who work in the cocoanut plantations are also given housing facilities.

Mr. KNUTSON. When you speak of a house, what do you mean? Just a small hut?

Mr. SUMULONG. A small house.

Mr. KNUTSON. Just a small house?

Mr. ROXAS. It is a 2-room house.

Mr. SUMULONG. Not very costly.

Mr. ROXAS. Not very costly; made of bamboo and native materials.

Mr. KNUTSON. And the value is probably \$50 or \$60?

Mr. SUMULONG. Less than that.

Mr. DUNBAR. Very comfortable to live in?

Mr. ROXAS. Yes, sir; very cool. I wish I was in one to-day.

Mr. THURSTON. Like a summer home in Minnesota.

Mr. SUMULONG. Mr. Chairman, it was not my intention originally to mention the race riots against Filipinos which recently occurred in some of the Pacific Coast States, for they are disagreeable incidents which prudent Americans and Filipinos desire to forget. But I would be less than candid, and I would not be fulfilling my duty, did I fail to tell you that these acts of animosity have produced a most distressing impression throughout the Philippines. They have further strengthened the conviction that the American and the Filipino peoples, while they can remain friends, can not live permanently under the same flag. Setting aside the question as to whether racial prejudice or economic considerations have inspired these conflicts, the fact is that the Filipinos will never be able to understand how they can be deprived of the right to move freely from one American territory to another while American sovereignty remains in the Philippines.

Mr. KNUTSON. How many Filipinos are there in this country who are gainfully employed?

Mr. SUMULONG. I have read somewhere that it is about 50,000. I do not know whether that is the correct figure.

Mr. ROXAS. The figures presented during the hearings of the House Immigration Committee showed there was a total Philippine population in the United States of around 50,000.

Mr. KNUTSON. That is the United States proper?

Mr. ROXAS. Yes.

Mr. SUMULONG. In continental United States.

Mr. KNUTSON. And how many are coming over each year now?

Mr. ROXAS. The average during the last five years has been between six and seven thousand Filipinos. Last year about 11,000 came.

Mr. THURSTON. How many are there in the Hawaiian Islands?

Mr. ROXAS. Sixty thousand.

Mr. THURSTON. You say there were 11,000 that came over to work here last year?

Mr. ROXAS. Not to work, but 11,000 Filipinos actually landed here last year from Manila.

The CHAIRMAN. How many went to school?

Mr. ROXAS. Many of them go to school. Their ages averaged between 17 and 25.

Mr. KNUTSON. What percentage of those go back home after they graduate from school here?

Mr. ROXAS. Our investigations have shown that almost all the Filipinos who come to the United States—and this I am sure Congressman Welch will bear me out in, because he has so stated on the floor of the House—the Filipinos do not come over here as permanent colonists; they do not come with their women except in very few instances. They come here in order to make their way through school, and after they have completed their course of study in a university they return. Many of them work while they are studying.

Mr. THURSTON. Reverting to your reference to the race question in California, I believe we all feel that that was more because of economic forces than racial antipathy. In other words, had employment in general, and employment conditions in California especially, been satisfactory there would not have been those riots.

Mr. SUMULONG. I am glad to hear that race prejudice was not the cause of those riots.

Mr. KNUTSON. The cause of most strife is economic, whether it be strife between nations or groups of individuals.

Mr. SUMULONG. However, in Manila we have heard prominent Americans in very high positions say it was due to race prejudice and social antipathy.

Mr. KNUTSON. You will find that as the number of Filipinos come over here and crowd Americans out of work, that the situation will become aggravated. You must be reconciled to that; it is merely in the nature of self-preservation. The same thing would happen if the tables were reversed and we went over to the Philippines and displaced your people.

Mr. DUNBAR. Mr. Knutson, I never heard of any antipathy against any Filipinos who were in any part of the United States except out in California, and I think the explanation of that is as has just been stated.

Mr. SUMULONG. I hope that is true.

The CHAIRMAN. We have taken up a good deal of your time today, Mr. Sumulong. If at a later hearing you wish to come back again we will be glad to hear you. The committee now stands adjourned.

Mr. SUMULONG. Mr. Chairman, permit me to conclude with just these few words: We are aware that the American Government has before it vast and complicated domestic problems which are of more immediate interest to the American people than the Philippine question. But may I say that these domestic questions, important and urgent as they may be, are not a matter of life and death to you in the same way that an immediate definition of our political status is a matter of life and death to us. This is the reason, this is our justification in coming here to beg you to dedicate a part of your valuable time to listen to pleadings of a people whose destiny depends upon your decision.

Mr. DUNBAR. To meet this afternoon?

The CHAIRMAN. No, sir.

Mr. DUNBAR. When will we meet?

The CHAIRMAN. The Chair will notify you.

Mr. KNUTSON. Will the hearings be completed within two weeks?

The CHAIRMAN. Yes.

Mr. DUNBAR. I do not think we should put these people to this expense.

The CHAIRMAN. They are not being kept by us; the Senate committee is keeping them. They are going to appear there to-morrow.

Mr. ROXAS. Mr. Chairman, before you adjourn I would like to ask permission to insert in the record the resolution adopted by the independence congress referred to by Mr. Sumulong, also a statement by the secretary of finance of the Philippine government, an official appointed by the Governor General by and with the consent of the Philippine Senate, on the probable budget of the Philippine independent government. That statement is a summary of the finances of the Philippine Islands and shows that if the Philippines have independence, the government will be financially able to support itself.

The CHAIRMAN. We will be very glad to have them.

(Mr. Roxas submitted the following documents:)

INDEPENDENCE CONGRESS RESOLUTION ADOPTED FEBRUARY 26, 1930

We, the members of the first independence congress, convened at the city of Manila, P. I., from February 22 to February 26, 1930, upon the initiative of private citizens and composed of representatives of business and agriculture, directors of civil organizations, leaders in the various professions, publicists, educators, labor, religious, and student leaders, municipal presidents, Moro chiefs, coworkers of Rizal and Del Pilar in Spain, veterans of the revolution, elective officials of the provincial governments, high officials of the former Philippine Republic, past and present members of the Philippine Legislature, and Filipino members of the council of state, after deliberating upon the problems of independence, including national defense, finance, and economics, as well as political, social, and educational questions which would be faced by an independent Philippines, hereby make the following declaration:

“While fully conscious of the debt of gratitude we owe to America for her benevolent policy in the Philippines, we are convinced that immediate independence is the only solution in consonance with the unalterable desires of the Filipino people.

“No matter how lightly an alien control may rest on a people, it can not, it will not, make that people happy.

“The genius and potentialities of the Filipino people can only be developed in an atmosphere of freedom unrestrained by foreign rule.

“Differences in race, history, and civilization render difficult, if not impossible, a common life under one flag between the American and Filipino peoples.

“The uncertainty of our future political status hampers the economic development of the country.

“Our present trade relations with the United States are not conducive to the economic independence of the Philippines and whatever may be the temporary advantages of such relations we are willing to forego them for the sake of freedom.

“The longer we remain under America the harder it will be for us to be freed from our political and economic dependence upon her.

“We are now better prepared for nationhood than many independent States of to-day and we are ready to assume the risks and responsibilities of independence.

“We are not unmindful of the fact that in the final solution and settlement of the Philippine problem, American and foreign interests must be adequately safeguarded.

“The establishment of a Philippine Republic to-day will be but the logical and just outcome of our long struggles for freedom and will be in keeping with America's history and traditions.

"Independence will make for closer friendship and better understanding between America and the Philippines, while retention fosters distrust and ill feeling.

"In our solemn constitutional covenant with America she has promised to grant us independence as soon as a stable government can be established. This condition has long been fulfilled.

"Therefore in the name and in behalf of the Filipino people, we solemnly affirm with full realization of the consequences and responsibilities of political independence that our people should be allowed to live an independent life and to establish a government of their own without any further delay and without any condition which makes its advent uncertain; hence we respectfully reiterate our petition to the people and Government of the United States to grant the Philippines immediate, complete, and absolute independence."

THE INDEPENDENCE CONGRESS

MANIFESTO

JANUARY 22, 1930.

To the Filipino People:

We have come upon a crucial period in our history. A final decision as to our relationship with America seems to be forthcoming. The American Congress is seriously discussing and considering the Philippine question. Reports are daily received from Washington advising us of the various measures proposed and of the steps contemplated. In the face of these new developments, we, in the Philippines can not, must not, remain passive.

It is not enough for us merely to continue assuming the fact that the Filipino people, regardless of creed, class or party, from Batanes to Mindanao, have long aspired for immediate independence. Our history is replete with undisputable proofs of this firm and vehement aspiration. We have eloquently manifested it in our wars with Spain and America and have been writing it on every ballot for the last 25 years. But all these are not sufficient.

While the prospects for our freedom are brighter now than ever before, there can be no absolute assurance that the outcome of the present agitation will be in our favor. The opponents of the cause are still strong and influential. On the other hand, our leaders who are directing the struggle for our freedom must ever drink from the fountain of popular inspiration. It thus becomes imperative that the attitude and desires of the Filipino people should at this time be again made articulate and their counsel sought through representative elements. The day demands fresh demonstrations of national consciousness and solidarity. What we plan, think or do here can not fail to have an effect on America. We must convince her that we are deeply conscious of the responsibilities of nationhood and are prepared to assume them.

The hearings that are being held in Washington on the independence question necessitate the early convening of this congress. Hence we have set February 22-26, inclusive, as the time for the meeting. We are inviting the following men and women:

Filipino members of the council of state and high executive officials of the former Philippine Republic.

Members of the senate and house of representatives.

Former and present resident commissioners.

Former members of the Philippine Independence Missions.

Former Filipino members of the cabinet, both under America or under the Philippine Republic.

Ex-senators, ex-representatives, and members of the Philippine Assembly and Malolos Congress.

Filipino publishers, editors, and associate editors of dailies and other periodicals.

Coworkers of Rizal and Del Pilar in Spain.

Former members of Rizal's Liga Filipina.

Members of the revolutionary diplomatic corps and commissioned officers of the revolutionary armies with the rank of majors, colonels, and generals during the revolution.

Members of the Red Cross of the Philippine Revolution and editors and associate editors of the press of the revolution.

Members of the High Supreme Council of the Katipunan Society founded by Bonifacio.

Filipino presidents, deans, and faculty members with the ranks of associate professors and professors of universities and colleges giving collegiate instruction; presidents of alumni associations.

Members of student councils, or if no student council exists, the presidents of the classes of collegiate rank.

Present and former mayors; and president and members of the municipal board of Manila.

Former judges of courts of first instance.

Former undersecretaries of departments and former heads and assistant heads of bureaus.

Members of the boards of directors of the Independence League, Philippine Chamber of Commerce, and the Philippine Agricultural Congress.

Presidents, or in their stead, duly accredited representatives of other civic, professional, labor, and scientific organizations recognized by the executive secretary of the independence congress, such as the Philippine Bar Association, Federacion del Trabajo, etc.

Filipino provincial governors and members of provincial boards and ex provincial governors.

Present municipal presidents.

Members of the organization committees of the independence congress.

The independence congress will thus bring together representatives of the Philippines of yesterday and representatives of the Philippines of to-day; business men and agriculturists; capitalists and laborers; professors and student leaders; the executive heads of our provinces and municipalities; the soldiers of peace and the soldiers of war; the men who labored with Rizal and Del Pilar during our early bitter struggles for freedom and the contemporary leaders of our nationalist movement; what remains of the mighty pens of yore and the young publicists of to-day; the surviving lights of our august Malolos Congress and the senators and representatives of our legislature; the diplomats of the revolution and the members of the independence missions; the chieftains of the lost republic and the people's recognized spokesmen of the present.

We call upon them as Filipinos, not as members of parties, groups, or associations. We ask them to lay aside, for the time being at least, their local differences and factional struggles, so that they may embody the one spirit and the one longing shared in common by them all. Their united counsel at this turning point of our national history will be of the utmost value. Their voice will go beyond the Pacific. Their thoughts adequately expressed will be written across the consciousness of America.

Relying on their patriotism, we know they will not fail us.

PROBABLE RECEIPTS AND DISBURSEMENTS OF AN INDEPENDENT PHILIPPINE GOVERNMENT

[Extracts from an address delivered by Hon. Miguel Unson, Secretary of Finance, before the first independence congress, held February 22-26, 1930]

The revenue of the Government is intimately related with the economic situation of the country, that is, with the national income. To estimate this income, we must analyze the influence which the change in the political status of the Philippine Islands will bring about in our economic situation.

The economic life of a country is based on the biological necessity of its population to exist and work for its welfare and is subject only to fundamental economic laws. However, very important political phenomena, such as independence, may exercise a great influence upon the economic life of a country, particularly when they entail changes in its commercial relations.

The economic factor of capital importance in our present relations with the United States, the disruption of which would cause serious trouble when Philippine independence shall have become a fact, is the existing free trade between the Philippines and the United States. As a natural measure of precaution there will be a temporary restriction in the financial and mercantile operations until business will have adjusted itself to the new state of

affairs. The discontinuance of the expenses for the Army and Navy will also cause some difficulty.

How these changes will come about is something that no one can predict with certainty. Will Philippine-American relations be terminated suddenly or gradually? The United States granted independence to Cuba three years and a half after the treaty of Paris was signed. It is also a well-known fact that the United States granted Spain 10 years to continue her trade relations with the Philippines, and that the Philippine tariff was not changed nor free trade established between the United States and the Philippines until 1909, after a lapse of the 10-year term agreed upon with Spain. It would be a matter of fairness and justice to grant time enough to the Americans and foreigners doing business in the Philippines to arrange their interests and adjust their business to the new conditions without great hardship. However, if we desire to arrive at a safe conclusion, our analysis must be based on the hypothesis regarded as the least favorable by the opponents of independence, because it will be the test for our attitude as regards our political future. Our deliberations, therefore, are based on the supposition that Philippine independence will come at once and that it will bring with it the sudden cessation of free trade with the United States.

The most important economic problem that independence will bring is the cessation of this free trade, which will affect Philippine products now being exported to the United States duty free under the Payne-Aldrich Act.

The value of all Philippine exports during the year 1928 was ₱310,109,000, of which 75 per cent, or ₱231,172,000, went to the United States. The exports to the United States were as follows:

Sugar	₱91,398,000	Cordage	₱1,564,000
Oil	46,479,000	Manufactured shell	863,000
Copra	35,207,000	Copra meal	735,000
Hemp	19,060,000	Gums and resins	567,000
Tobacco	9,229,000	Maguey	409,000
Embroidery	8,713,000	Kapok	122,000
Desiccated coconut	7,445,000	Miscellaneous	1,536,000
Hats	4,560,000		
Lumber	3,285,000	Total	231,172,000

Of these products, only sugar, tobacco, embroidery, oil, cordage, desiccated coconut, manufactured shell, and hats will have to pay customs duty in the United States. The export value of these products subject to duty in America amounts to ₱170,251,000.

Of the 570,000 tons of sugar exported in 1928 by the Philippine Islands, 534,000 tons were sent to the United States, their value being ₱91,000,000. The cost of production of Philippine sugar is about ₱8 per picul, and it will be impossible to sell in New York without loss if 4½ centavos duty per pound, or ₱6.25 per picul, has to be paid. Colonel Hodson, of Warner, Barnes & Co., has estimated that if the 1928 crop had been sold in competition with Javanese sugar, the producers would have lost not less than ₱30,000,000. If free trade is discontinued abruptly, we shall have to sell the sugar then on hand at a loss of probably 40 per cent, and subsequently we shall be compelled to produce at a reduced cost or engage in other production. In either case, it is believed that the sugar districts will produce not less than ₱55,000,000 to replace the ₱95,000,000 at present earned by them through the exportation of sugar.

The same thing may be said about tobacco. The value of Philippine tobacco exported in 1928 was ₱17,142,000, of which 54 per cent, or ₱9,228,000, was sold in the United States. Customs duty on cigars in the United States is \$100, or ₱200, per thousand, which will positively eliminate Philippine cigars from the American market. On the other hand, the importation of tobacco, which in 1928 was valued at ₱6,202,000, will in all probability also cease, and the consumption of local tobacco will increase, so that the falling off in the tobacco business will probably be reduced to some ₱5,000,000. The government will also have its revenue cut by approximately ₱800,000, this being the United States internal-revenue taxes on manufactured tobacco imported into that country, which taxes the United States has until now graciously ceded to the government of the Philippine Islands.

It is interesting to note that the exportation of Philippine tobacco to the United States has decreased from ₱10,900,000 in 1925 to ₱7,200,000 in 1929, while

the exportation to other countries has increased, as shown by the following figures:

Tobacco exported

Year	To United States	To other countries	Total
1925	₱10,900,000	₱8,000,000	₱18,900,000
1926	9,900,000	7,300,000	17,200,000
1927	8,400,000	8,700,000	17,100,000
1928	9,200,000	8,600,000	17,800,000
1929	7,200,000	10,800,000	18,000,000

This data seems to encourage the hope that other markets may absorb the tobacco that we shall cease to export to the United States, even though the total of exports remain the same. However, the inhabitants of the Cagayan Valley, with wise foresight, have begun to change crops on an extensive scale and are now planting rice, corn, coconuts, etc., instead of tobacco.

As regards the embroidery business, we can predict its ruin. As it depends upon imported material, it will find it impossible to compete with foreign embroideries if free trade with the United States ceases.

The oil industry may be likewise affected. Practically all the oil exported from the Philippine Islands goes to the United States; the amount exported was 142,000 tons in 1928 and was valued at ₩47,000,000. Although the hope can be entertained that the oil industry may not disappear from the Philippines, yet for the purpose of estimating our national revenues we can presume that our soil mills will disappear, and in this case we shall export only the copra used to produce that oil, the value of which in 1928 was ₩40,000,000.

Our exports of desiccated coconut and cordage to the United States amounted to ₩7,445,000 and ₩1,564,000, respectively. We can consider these industries as industries appropriate for our country, the same as the oil industry; but for our present purposes we shall suppose that they can not continue and that instead of the desiccated coconut and the cordage we shall export only the copra and hemp used in these manufactures.

The total value of hats exported from the Philippines in 1928 was ₩6,717,000; of these, ₩4,560,000 worth was sent to the United States and the rest to different countries, especially to Europe. Free trade being discontinued, hats will have to pay a duty of from 25 to 35 per cent ad valorem, and it is to be feared that when they are placed on the same footing as the hats from Panama and Asiatic countries, the hat industry will suffer much. On the other hand, fashion is a very important factor in the hat business, and the increased or decreased demand for Philippine hats is even now greatly dependent upon fashion. Some of the dealers in hats believe that the industry may be able to survive the cessation of free trade if it is organized on a stable basis. Our estimates assume a 40 per cent decrease in the exportation of hats.

The manufactured shell exported was worth ₩863,000. This business will probably suffer a substantial reduction during the first years, but this industry is of relatively small importance.

Besides free trade, we should also consider another economic factor, namely, the expenses of the Army and Navy in the Philippines. When the Army and Navy of the United States leave the Philippines, our merchants will lose very important customers. The expenses of the Army and Navy in the Philippines are estimated at ₩30,000,000. But not all this money is spent in the Philippines, because a substantial portion of it is spent in the United States and China. Neither does it represent reduction in our revenues as the importance of the sum may lead one to believe, because at present the post exchanges do not pay internal-revenue taxes, and in accordance with an opinion of the Judge Advocate General, the contractors supplying the Army pay no taxes either; even where articles for the personal use of the officers and enlisted men are concerned.

It can not be denied, however, that the discontinuance of the disbursements by the army will bring about an embarrassing situation in places where the members of the Army and Navy are wont to spend money lavishly. But this situation does not differ from that experienced in certain localities in the United States when bodies of troops are transferred from one place to another.

Aside from the economic factors, the psychological factor must also be taken into consideration. The merchant is always apprehensive when there is the least probability of losing money. It is, therefore, quite natural that during the first days of the change in the political status of the Philippines the banks and merchants will be extremely cautious and will limit their operations until they are better acquainted with the new state of affairs and are surer of the ground on which they were treading. We experienced this at the beginning of the events of the revolution against Spain and at the beginning of the American occupation of the Philippines. But experience also shows us that business is the first to adapt itself to any condition. After a brief period of expectancy, the merchants did business with the revolutionists the same as they did business later on with the Americans in Manila and surroundings and with the Filipinos in the Provinces. It is, therefore, to be expected that any stringency that may be experienced in the mercantile transactions upon the declaration of independence of the Philippine Islands will soon be followed by a reaction and that business will go on normally under the new order of things.

On the other hand, the state of mind of the Filipino under the inspiration of liberty and the consciousness of his responsibilities must also be taken into consideration. Those who saw how the Filipinos conducted themselves during the ephemeral life of the late Philippine Republic can testify to the immense value of this psychological factor.

After thus reviewing the several elements liable to influence our economic life, we will now make a résumé of the effects of independence on our national revenues. From what we have said, it is to be inferred that at the outset our exports to the United States will be reduced from ₱231,000,000 to probably ₱104,000,000, a decrease of 46 per cent. This does not mean, however, that our exports as a whole will go down in the same proportion, because the natural thing for us to do will be to look for other markets for our products and sell what we have on hand at the time, if not at a profit, with as little loss as possible. Subsequently, even supposing that some sources of wealth are lost to us entirely, others will necessarily spring up and help us provide for our most urgent needs. Emulating the good example of the people of the Cagayan Valley, we shall plant our fields to crops offering better prospects of gain, such as rice, corn, cassava, pineapples, rubber, coffee, camphor, etc. This enforced diversification of our agriculture will be another blessing that independence will bring. Thus I estimate that, while our exports to the United States will go down 46 per cent, our total exports will decrease from ₱300,000,000 to ₱236,000,000, a decrease of only 24 per cent.

The national income has been investigated by two different entities—by the Bureau of Internal Revenue and Mr. Lyman P. Hammond. Using different method of procedure, the result of both investigations is practically the same: That the national income in 1926 amounted to approximately ₱800,000,000, or, to be more exact, ₱813,000,000. A cursory examination of our statistics authorizes us to place this figure very conservatively at ₱825,000,000 for 1928. According to the data analyzed by us, decrease in the national income to be caused by the cessation of free trade amounts to ₱70,000,000; but allowing a margin for other factors, we will assume that decrease to be ₱100,000,000. Deducting this sum from the estimated national income of ₱825,000,000 in 1928, and disregarding the increase in production since then, we have ₱725,000,000 as the income of the nation upon becoming independent. We arrive at this result under the supposition that free trade will cease immediately, without leaving our producers and merchants time to prepare to face the new state of affairs. If things happen otherwise, circumstances will be different and the decrease in our national income will naturally be smaller.¹

Mr. Hammond estimated that taxation in 1926 averaged 10.75 per cent of the national income. Of this average, 7.28 per cent accrued to the central government. In 1928 these percentages were 11.6 per cent and 7.6 per cent respectively. We shall take Mr. Hammond's smaller average as we assume conditions adverse to a regular course of business. Applying that average of 7.28 per cent to the estimated national income, we find that under the circum-

¹ Hence the great importance of the proposed campaign to urge the people to prepare for independence by changing crops or reducing the cost of production thereof.

stances assumed by us, the revenues of the insular government will be as follows:

Revenue from taxation	₱52,000,000
Incidental revenues and other income	16,000,000
Total.	68,000,000

This income, conservatively estimated, compared with the average income of the last six years, which is ₱80,000,000, shows a reduction of ₱12,000,000. Practically the same results will be obtained by making a more detailed analysis of the several sources of income in the same conservative manner.

Considering the business depression that will obtain, it will not be advisable at first to create new taxes until the economic conditions of the country shall have become stable again and we shall have entered fully upon a new period of progressive development.

The disbursements will have to be adjusted to the available revenues, and in order to counteract the decrease of the latter and to provide for some of the most indispensable obligations of the new Philippine Republic, such as a small nucleus for an army and a diplomatic and consular service, the construction of new public works projects will have to be suspended for a time and, perhaps, salaries will have to be reduced in a reasonable proportion (which will be in consonance with the general state of economic depression and probable decreased cost of living), not very necessary services will have to be eliminated, and other economies will have to be introduced. The circumstances of our government and the experience we have had in other crises through which our public treasury underwent in the past are an assurance that our government will solve its financial problems in a satisfactory manner without neglecting its bonded indebtedness.

Before concluding, permit me to submit to your distinguished consideration a few very important facts. Studying the effects in the past of economic changes as far-reaching and important as those which will be produced by the granting of independence to the Philippines, we have two instances that may guide us in estimating and calculating the possible effects of the expected crisis.

The most recent instance is the enormous and almost unforeseen fall in the prices of all our exports in 1921. The value of the hemp exported fell from ₱71,000,000 to ₱25,000,000; that of coconut oil exports from ₱46,000,000 to ₱32,000,000; that of sugar, from ₱99,000,000 to ₱51,000,000; that of tobacco, from ₱40,000,000 to ₱16,000,000. Notwithstanding these radical reductions in the value of our most important products, which is greater than 50 per cent as regards some of them, the decrease in our revenues amounted to only 14½ per cent as compared with the revenues of the year 1920, they being even slightly higher than the revenues of 1918 and 1919. In 1922, the revenues were 10½ per cent less than in 1921, because in that year the effects of the crisis of 1921 were felt with greater intensity, but in 1923 the revenue increased again, and since then they have continued increasing.

The second instance that we can cite is the economic depression of 1898 caused by the uprising of 1896 and 1897 against the Spanish Government. We have no exact data regarding the total collections during that period, but we have figures on important exports which will give us an idea of the extent to which that political movement, perhaps the most far-reaching and important in our history, affected our national economy. In 1895, our imports amounted to ₱13,000,000 and our exports to ₱18,000,000. In 1898, each went down to ₱5,000,000, but the next year, in 1899, the imports went up to ₱19,000,000 and the exports to very nearly ₱15,000,000, consequently, the figure indicating our production and consumption of wealth more than trebled in one year's time, though we enjoyed no protected market and the country was in a state of rebellion against the recently implanted American sovereignty.

It must be observed that both instances cited exerted a greater influence on our economic life than any other event of a political or economic nature which may alter the state of affairs in any country. In the first case we had a radical and abrupt reduction of the values of all our products of which there has perhaps not been another example in history, and as this was a crisis of universal character, it affected not only the Philippine Islands but all the countries consuming our products. The second historical case mentioned, though only a local upheaval, affected our economic life down to its very foundation. That effort to overthrow a secular sovereignty rendered necessary not only a complete abandonment of some of our sources of production and a

general neglect of others, but it also implied the useless consumption and even the destruction of wealth, which are unavoidable consequences of war.

If it is logical and rational to base prognostications of the future on observations of events of the past, we are justified in cherishing the hope that the economic upheaval that will be brought about by the political separation of America and the Philippines will be taken care of by the Philippine people the same as the commotions of the past, and perhaps more efficiently, considering the greater resources of our people and the increased vitality of our agricultural industries.

In June, 1909, when the United States Congress was considering the Aldrich-Payne bill, several agents of the Government went round the Provinces to secure signatures to a petition which was to be solemnly adopted on the Luenta on July 4 of that year. The petition was for free trade between the United States and the Philippine Islands and the purpose of the petition was to offset the attitude of the Philippine Assembly, which was opposed to the bill. I know of many persons who would not sign the petition because they considered free trade would form a powerful tie binding the Philippines to the United States. They feared that economically the Philippines would become so dependent upon the American market, and that this dependence might in time grow to such an extent that the Philippine people might forget their duty toward their country in order to continue in possession of the material comforts and prosperity offered by a market of almost unlimited possibilities. I relate this fact without saying whether or not those past fears were well founded.

It is a matter of debate and speculation what the economic development of the Philippines would have been without the advantages of free trade, but there is no doubt that if there had never been any free trade between the United States and the Philippines, we should have little cause to worry now about the economic and financial effects of our national independence.

My dear compatriots, the moment has come when we must all unite and without fear or vacillation face the responsibilities that it is our unavoidable duty to assume before the present and future generations. Let us always bear in mind this incontrovertible truth: Whatever may be the fate that Providence has in store for us, the 13,000,000 Filipinos, with their present culture, can not perish or be enslaved.

WASHINGTON, D. C., May 9, 1930.

Hon. EDGAR R. KIESS, M. C.,
House of Representatives.

MY DEAR COLLEAGUE: My colleague, Mr. Selvig, of Minnesota, who was unable to be heard at our committee meeting of last Monday, May 5, requests that the inclosed remarks by him be made a part of the record of that date. Will you please cause this to be done.

Cordially yours,

HAROLD KNUTSON.

STATEMENT OF HON. CONRAD G. SELVIG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

I am in favor of Philippine independence. In the discussion on the floor of the House, when my distinguished colleague and friend, Representative Harold Knutson, discussed his bill (H. R. 5182) it was apparent there was a very strong sentiment in favor of action by the committee in bringing the bill out for debate and decision.

The dairy and livestock farmers of the United States earnestly request that this be done during the present session of Congress.

At the outset I desire frankly to state that there are many phases of the Philippine independence problem which must be carefully considered before Congress expresses its judgment by voting on that important question.

It will be impossible to cover all the ground, so I will proceed to get at the heart of the problem from the standpoint of the farmers. The historic, moral, and humanitarian arguments in favor of Philippine independence are available in many public documents. There is no need for me to restate them.

I do not omit these arguments for granting Philippine independence because I consider them to be of less importance than the economic side of the argument. In fact, I consider the moral reasons paramount, but in the limited time at my disposal I desire to emphasize the economic side.

The increasing amount of duty-free importations from the Philippine Islands to the United States, of copra, coconut oil, and sugar, which make up the bulk of these imports, can best be realized by studying the volume of export trade from the Philippines.

In 1900 exports from the Philippines to the United States aggregated 12.9 per cent of their total exports. The average for 1900 to 1908, inclusive, was 32 per cent. In 1909, the year free trade between the Philippines and the United States was established, the exports increased to 42.17 per cent. Ten years later it was 50 per cent, and in 1927 the United States received 74.59 per cent of the Philippine products.

From this it will be seen that Philippine exports to the United States increased from one-seventh of their total exports in 1900 to three-quarters of their total exports in 1927. These figures indicate what may be expected in the future if the present duty-free privilege is continued. While this country receives a large proportion of other commodities the United States is the sole market for all the coconut oil produced in the Philippines.

I realize that the present uncertainty as to what the United States will finally decide shall be done with the Philippines may result in slowing up current development. If it is determined that trade relations with the Philippines are to be continued on the present free-trade basis, we can confidently expect a tremendous expansion in exports to the United States. American capital seeking to benefit by low-priced labor in the Philippines would seek new fields there for development and exploitation. There can be no reasonable doubt as to this.

It is not my intention to present in elaborate detail the economic situation as I view it. I do, however, desire time to make the situation clear with respect to sugar imports and the importation of vegetable oils from the Philippines.

The production of sugar in the Philippines increased from 294,402 tons in 1898 to 740,987 tons in 1928. The sugar imported to the United States from the Philippines in 1927 aggregated 473,674 long tons. The ratio that the imports of sugar from the Philippine Islands bears to the total consumption of sugar in the United States is therefore of such magnitude at the present time as to seriously affect the domestic sugar-beet industry. I shall later submit detailed figures in support of this fact.

Notwithstanding assurances that the sugar industry in the Philippines can not and will not be greatly expanded, the evidence seems quite positive that great areas are available for sugar plantations. Add to that an abundant labor supply from near-by countries, in case the supply of labor in the Philippines is insufficient, and it requires no great stretch of imagination to forecast a greatly increased production of sugar there.

In fact, one very eminent authority states that the Philippine sugar industry will have a maximum potential production, annually, of approximately 1,000,000 tons 10 years from now, assuming that the present free-trade relations between the United States are not disturbed.

According to information compiled by the United States Tariff Commission the Philippines imported free into the United States for the calendar year 1928 sugar worth \$46,873,000, which was 22.4 per cent of the total value imported from all countries, including the Philippines, into the United States, and 40.5 per cent of the total value of all commodities imported from the Philippines into the United States.

The report further shows that they imported during 1928, into the United States \$43,969,000 worth of coconut products, which was of the total value imported into the United States from all countries, including the Philippine Islands, 100 per cent of coconut oil, 72.6 per cent of copra, 76.9 per cent of coconut meat, desiccated, and 79.2 per cent of coconut oil cake or meal, which the total coconut products imported into the United States from the Philippines were 38 per cent of the total value of their products imported into the United States.

The Payne-Aldrich Tariff Act of 1909, which gave duty-free entry into our ports to most of the products of the Philippines, limited the duty-free importations of Philippine sugar to a maximum of 300,000 tons per annum. From that time on the importations have increased to 473,674 long tons in 1927.

Now, let us look into the copra and coconut-oil industries. From the figures presented in a letter dated September 30, 1929, to Senator William E. Borah, by the two able Resident Commissioners from the Philippines, we find, as taken from the *Summary of Commerce of the United States*, that the Philippines

shipped into the United States 185,427,931 pounds of copra during the seven months ending July 31, 1929.

For the year 1928 there were the following imports to the United States from the Philippine Islands:

	Pounds
Coconut-oil cake	22,743,466
Coconut-oil meat	46,695,592
Cane sugar	1,150,030,515
Copra	371,889,394
Coconut oil	290,636,702
Tobacco	3,726,967
Cigars	2,574,138

The importation of copra from the Philippines to the United States in each of the years 1927, 1928, and 1929 has been more than 300,000,000 pounds. The importation of coconut oil from the Philippines to the United States has increased from 281,654,000 pounds in 1927 to 411,936,213 pounds in 1929.

The magnitude of these importations constitutes a grave menace to the domestic dairy interests. It furnishes a substantial reason why the demand for Philippine independence is supported by the dairy groups of the United States. Their plea is for protection against this vast flood of oil which menaces the domestic oils and fats industry. Unless adequate protection is afforded, the domestic dairy industry and the oils and fats industries will be ruined. It is well understood that regardless of whether there is free trade or not, copra will continue to be exported to this country. The dairy farmers demand a protective tariff on these importations.

The United States can produce a plentiful supply of vegetable oils right here in our own country even if all importations from the Philippines were shut out. Overproduction of dairy products in the United States seems imminent. The constantly increasing flow of Philippine vegetable oils greatly aggravates the danger which confronts our dairy farmers.

These duty-free imports place our dairy and livestock farmers in direct competition with the labor of the Philippines and the Orient. The vast profits of the capitalists who exploit this cheap labor are well known. That their labor costs are low is shown by the following figures showing daily minimum wages paid in the Philippines. The following table is for the year 1922:

	Daily minimum
Agricultural laborers	\$0.30
Embroiderers	.25
Fishermen	.50
Hatters	.50
Lumbermen	.30
Miners	.87
Printers	.70
Sawyers	.75
Masons and bricklayers	.60
Mechanics	1.20
Blacksmiths	.65
Unclassified laborers	.20

My object is to show that the present market for duty-free Philippine imports conflicts most severely with the market which a large group of our own people, the farmers, desire. Their real argument is that the Philippine market here interferes with the market of a large number of our own people in this country.

In conclusion, I wish to say that the movement to effect Philippine independence must not be allowed to drag until some indefinite time in the future. Every year of delay will hasten the present economic status and make it more difficult to secure a change. If the free-trade basis is permitted to continue for 20 years longer it will make the Philippine independence a political impossibility.

On the other hand, it will be necessary to grant a reasonable period of time before an independence resolution would take effect. The people of the Philippines should be allowed time in which to get ready for the new relationship which will involve necessary economic adjustments.

I earnestly urge the members of this committee to give favorable consideration to this problem. Prompt action is necessary. A bill should be reported out at an early date.

A BRIEF SUBMITTED BY JOHN M. SWITZER, OF NEW YORK, BEFORE THE SENATE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS ON PHILIPPINE LEGISLATION FEBRUARY 17, 1930

INTRODUCTION

My name is John M. Switzer, of New York City. By choice I represent no one here but myself. I have in the Philippines a very small investment of such a nature that independence can neither hurt nor help it without hurting or helping the Filipino people. Our interests are inseparable. For the benefit of any who may wish to know, I am not now and never have been paid anything for my efforts in matters of Philippine or any other legislation, and I pay my own expenses.

In May next, 32 years ago, I left my university to go to the Philippines in the first military expedition of the Spanish-American War. Serving my flag on Philippine soil, knowing conditions there in Spanish times, beginning my business career there, spending 21 years all told there, I thus came, very naturally, to be deeply impressed with the profound responsibility of my country to the impoverished, deserving, and aspiring Filipino people. I have many friends among them and am most solicitous of their welfare.

With that background, I plead with America that, after thousands of American soldiers fought and thousands gave all to free Cuba and the Philippines and after thousands of civilians served and many gave their all in the upbuilding of the Philippines, I plead that to-day we do not throw their sacrifices to the winds and abandon the half-finished task which they began and, above all, that we do not do so for the sake of the almighty dollar. To scuttle now is fair neither to those Americans nor to the good Filipino people. Moreover, it is unworthy of America.

With my Filipino friends I have no dispute over ultimate purposes. I admire their patriotism, their nationalism. I differ with them solely as to when independence should take place and the extent of the blighting, profound setback which unnecessarily premature independence would inflict on them socially, politically, economically.

I am not in sympathy with opposition to Philippine independence because of any loss that it may impose on American business now going to the Philippines. No more nor less am I in sympathy with supporting independence because of any loss, fancied or real, American products may sustain by competition from Philippine products. We contracted 32 years ago, with ourselves first and then with the Filipino people, to do a certain job in the Philippines. Even an honorable individual contractor finishes his contract, loss or no loss. Can we, as a nation, do less? We haven't completed our contract.

This brief is submitted as my own personal views. I believe it expresses generally the views of 95 per cent of the Americans who have resided in the Philippines. It expresses the views not only of those who now have or have had business interests in the islands but of the much greater number who never had a dollar at stake there. It can not, therefore, be said that it expresses the selfish views of American business interests.

Seven thousand American civilians reside in the Philippines. Most of them are comparatively poor, but have done their mite toward the upbuilding of the Philippines. Many of them went there as soldiers, remained there after the wars, or went there as poor men seeking opportunity, the same as after our Civil War our soldiers and other emigrated to the West to develop our own country. They are organ grinders on Main Street compared with the great Cuban millionaires who are trying to destroy them. They can not sit on the doorstep of Congress or afford to employ high-priced, high-powered lobbyists to do it for them. Moreover, those of us here in America, still interested in the welfare of the Philippines, are but a handful compared with the hosts of Cuban sugar, domestic sugar, farm organizations, etc., all on their backs. Will the outcome of these years of expensive lobbying for Philippine independence, under cover and in the open, answer the lobby investigating committee's question, "Does lobbying pay?"

Theoretically these Americans in the Philippines are constituents of every Member of Congress, but practically constituents of none. Ten thousand miles away, they have no spokesman here. While what I say is solely on my own responsibility, and inadequate as it may be, I hope this committee will feel that it speaks in a measure the heart of the 7,000 distant American

civilians in the Philippines and for a much greater number of Americans no longer there. Among the Americans in the Philippines and those now here who once resided in the islands, Republicans and Democrats, there is no difference of opinion on the question before us.

AMERICA'S RESPONSIBILITY IN THE PHILIPPINES

Since 1898 views regarding the Philippines of too many people in this country have been determined primarily by the declaration on this subject by their respective political party platforms. Our duty to the Filipino people is too much of a sacred trust to fall between the upper and nether millstones of our home political parties.

What we shall do for the Philippines should be decided untrammelled by party prejudice or by special interests. It is a national question and not one of sugar or dairy interests alone. The Filipino people and the world look to the seasoned, unbiased, unselfish judgment of all the American people for the proper and high-minded solution of the Philippine problem, the welfare of an empire of 12,000,000 Filipino people and many future millions. Moreover, in the final analysis history will hold not the inexperienced Filipinos but the more experienced American people, and no one but the American people responsible for any error in judgment in our handling of the Philippine problem. Poking our heads in the sand by granting near-by independence will not shield us from the long, long afterwards, the storm of condemnation following the disastrous consequences of that act. The ills following in the wake of that blunder in the Philippines will be a dark spot in American history forever.

Due to their home politics, Philippine politicians have worked themselves into a position, whether they like it or not, and many of them don't, where the only issue put forth by all political parties is independence, and the only difference between their political parties is the degree of intensity with which each party claims to advocate independence. Each is afraid to be caught off his base by the opposing team. That impairs the Filipinos' perspective, seriously warps his better judgment, impels him to request excessive and extreme measures at your hands, and leads him to underestimate their consequences. We must not, however, believe them ungrateful in the asking of immediate independence, lose our tempers, and, merely because they ask for it, give it to them whether it is best for them or not. Any mistake thus made will be our mistake and not theirs, because we are responsible for their best welfare. History will not let us shift this responsibility to the shoulders of the Filipino people. Shall we bear it courageously and for the best interests of the Filipino people or shall we yield to selfish interests in the United States and to overzealous sentimentalism on the part of some of the Filipinos?

OUR OBLIGATIONS TO THE PHILIPPINES

The mere fact that we remained in the Philippines at all, and particularly that we remained there 32 years, is conclusive evidence that we remained there for some purpose, that we assumed some obligations there. If we did not, we should have left at once. What, then, are some of the obligations we assumed?

Like Webster's mariner, we are drifting in thick weather. If we have become confused, if we have forgotten even the object of the voyage, let us return to port and refresh our memory. In 1899 President McKinley, in his message to Congress, said:

"We shall continue as we have begun, to open the schools and the churches, and to set the courts in operation, to foster industry and trade and agriculture, and in every way in our power to make these people whom Providence has brought within our jurisdiction feel that it is their liberty and not our power, their welfare and not our gain, we are seeking to enhance."

That is at least part of the task we voluntarily undertook and set out to complete. Have we completed it? Our answer is most emphatically, "No." That we have not completed it is amply proven throughout this brief, especially when discussing the effects of near-by independence. Ninety-nine per cent of Americans who have resided in the Philippines will tell you we haven't. What we started out to do and heralded to the world we were doing was to enhance the Filipinos' welfare and not our gain. That can not be done by near-by independence.

INVESTIGATING COMMISSION

To experienced Europe, where we have so scrupulously avoided entanglements, where we have no direct responsibility, we send our best American business and financial common sense to help study conditions and point the way out of economic chaos which might lead to worse consequences. We sent the Dawes, Young, and Reynolds commissions. But to inexperienced Filipinos, where complete responsibility rests on us only and on Congress directly, in 32 years Congress has not sent a committee of its own Members to investigate thoroughly and report. To-day we have before this Congress a flock of bills providing for immediate or near-by independence of the Philippines. Perhaps not over 5 per cent of the Members of both Houses has ever seen the Philippines, and perhaps most of that 5 per cent saw them mainly from the deck of a vessel. How lightly these advocates of Philippine independence take their momentous responsibility to the Filipino people! No other country undertakes such fundamental legislation for its colonies without first having their best brains investigate on the ground to ascertain the facts and then recommend the action to be taken.

Congress investigates everything but the Philippines, the thing farthest away and least understood, even though it involves an empire with 12,000,000 people. Without congressional or any other kind of investigation, Congress is now, in an offhand way, asked to immediately scuttle the Philippines. Whether our obligations there have or have not been fulfilled, is, in too many minds, secondary to taxing Philippine products. After 32 years of our boasted altruism in the Philippines, without even a pretense of ascertaining first-hand facts and on the ground, this precipitate action, and for such a purpose back of it, is not becoming the American people, is no compliment to the Filipino people, and forgets the seriousness of our responsibility. Instead of forming opinions on information coming from all sorts of sources, reliable and unreliable, Congress ought to have correct information gathered by unbiased and able minds. The present drive for Philippine independence on economic grounds is due to incomplete and unreliable data and insufficient study of the problem. Congress would not wish to take such a momentous step on a misunderstanding of the circumstances. As will be seen later from this brief, our sugar is not injured by Philippine products. Everything considered, neither are our dairying interests injured. There is no emergency calling for precipitate action. There is every reason for being most cautious. The well-being of 12,000,000 people and America's good faith are at stake. Would a surgeon begin a major operation before thoroughly diagnosing his case?

HISTORY AND CHARACTER OF PRESENT AGITATION FOR PHILIPPINE INDEPENDENCE

Sugar interests for years, in and out of Congress, have worked for Philippine independence. Worse still, in doing this for some years they hid behind the camouflage of a moral plea for justice to the Filipino people. But American rule in the Philippines has never meant oppression or exploitation. It has been on the whole a blessing to the Filipinos, who freely admit it. America at heart was sound, and the sugar interests made no headway toward independence behind their camouflage. Cuban sugar aided and abetted the Philippine independence agitation, but remained in the background, as it then seemed impolitic to interfere in our domestic affairs. Their ideas have changed since. As they endeavored last year to stir up our Latin-American neighbors against us to help in their tariff fight, it is too much to expect that their sense of propriety would stop them from meddling in our own domestic problems, that is, the relations between the United States and our Philippine colony.

During the past year these same domestic sugar interests, in an unholy alliance with Cuban sugar, proposed the Timberlake resolution, which provided that only a limited amount of Philippine sugar could come into the United States free of duty, the balance paying full duty. No corresponding restrictions were to be placed on any United States products entering the Philippines. Thus, to help their selfish purposes, they proposed that the American people adopt a colonial policy, rejected 150 years ago, a policy of pure unadulterated exploitation of a colony completely helpless in America's hands. That is the only concerted effort ever made by Americans to exploit the Philippines. Let the American people understand that. Yet for years those same sugar interests denounced the phantom exploitation of the Philippines, and, grasping at their pocketbooks, plead for Philippine independence. This Timberlake bill was rightfully defeated in Congress in compliance with the overwhelming public sentiment against it.

But Philippine sugar still stood in the way of the Cuban and domestic sugar program. Those interests worked for Philippine independence in the guise of pleaders for justice to the Philippines. Not accomplishing their purposes that way, they now ask for independence on the avowed ground that Philippine sugar competes with their sugars. As competition steps in the benefactor steps out. It is no longer a matter of justice to the Philippine people but an aid to sugar pocketbooks. What an insult that the American people are not ready to grant Philippine independence as a matter of justice to the Filipinos but are ready to do so when the pocketbooks of Cuban and domestic sugar interests are affected. These people now have the sordid idea that the way to arouse the American people to action is not by an appeal to their sense of justice but to their pocketbooks.

That is the history and character to date of most of this present vociferous movement for Philippine independence. With such an ancestry back of it, to grant independence now, to run from a half-finished task in the Philippines, to swap justice for a dollar would appear to the world a surrender to greed, and the stultification of our 43 years of professed altruism toward the Philippines.

So far as we are aware at this writing no direct representative of domestic sugar has appeared before this committee asking for Philippine independence. Probably none will appear. They have awakened to the effect independence will have on Hawaii and the repercussion on their own Mexican labor problem. Moreover, they must find it embarrassing to repeat the charge that Philippine sugar injures their sugar, when it is so apparent that is untrue. But no doubt their chief reason for not appearing before this committee and asking for Philippine independence is that they already have overplayed their hand by demanding independence for selfish purposes. They now realize the revulsion of public sentiment against independence for such motives. Therefore, no doubt they will return to their former tactics of working behind a camouflage. We may expect to hear again the ring of "justice," "liberty," "humanity." But having once come out for independence for revenue only it will not be so easy for them again to fool the public. Nevertheless, they will be working and we may expect even some Members of Congress to comply with their undercover demand for independence.

SUGAR'S COMPLAINT AGAINST THE PHILIPPINES

During the discussions of the tariff on sugar, especially in the Senate, much has been said in opposition to Philippine sugar. Philippine independence is advocated on account of it. We do not believe independence should be decided on whether or not Philippine products compete with domestic products. However, we hope to remove any fair complaint domestic sugar may have against Philippine sugar.

It is very apparent that a seriously fundamental error prevails in the minds of many as to what effect, if any, Philippine sugar has on our domestic sugar. This brief will attempt to show:

- (1) That the increase of Philippine sugar production has been completely misunderstood, if not unfairly misrepresented.
- (2) That Philippine sugar does not depress the American sugar market or displace our domestic sugar.

We hope this committee will pardon the length of this brief but we are trying once and for all to put Philippine sugar in its proper light, we are trying to be helpful in arriving at real facts on which action in this matter may be based.

INCREASED PHILIPPINE SUGAR PRODUCTION

The proponents of Philippine independence give as their outstanding complaint against the Philippines what they call the sudden great increase of sugar production and its further possibilities. To justify this complaint they submitted to members and committees of Congress and circulated throughout this country a mass of misinformation in order to make a strong case on this point against Philippine sugar. It would take many pages to correct and answer all of this, so we can cite only two or three typical cases:

In Cuba's carefully prepared brief, submitted to the Ways and Means Committee last year, we find the following:

"In 1904 the Philippines produced 84,000 tons, whereas in 1928 it produced about 600,000 tons. Its increase in production has been 614 per cent."

The United States Beet Sugar Association last July, before the Senate Finance Committee, used practically the same figures. We took the Philippines in 1898.

During the six years, 1899-1904, their average annual sugar exports were 70,345 tons. Those are the years immediately after their revolt against Spain in 1896, after the Spanish-American War in 1898, and actually during the revolution against us. Excepting the six war years just mentioned (1899-1904) these sugar interests must go back to 1873 before they find so low a tonnage as the year 1904, which they selected in order to show an exaggerated increase of 614 per cent, to 1928. They took the production of 1904 immediately after three wars lasting six years. Naturally, the normal production had run down by that time and using that as a base for comparison the increase is very large, but that does not give the correct picture. Had they taken Philippine sugar exports of 336,075 tons in 1895, nine years earlier and the year before the wars began, the increase in 33 years to 1928 would be only 85 per cent instead of their 614 per cent. Is it not fairer for comparison purposes to take the years before rather than after six years of wars?

Another table presented to Congress last year used 1901 production for comparison with 1927. Some one gave Senator Borah 1903 production to compare with 1927. The yearly average for 1900-1903, actual war years, shows the lowest production of Philippine sugar of any years back to 1868. Surely no one will claim that is giving Congress a fair picture of the case.

The Philippine sugar industry suffered severely from the six or seven years of wars and recovered very slowly. The exportation of 336,075 tons in 1895, the last year before those wars began, was not again reached until 1922, 27 years later, and only 8 years ago. In 1905, Mr. W. C. Welborn, chief of the Bureau of Agriculture, stated:

"The industry must begin, however, just where Cuba began 40 years ago and where Java began 50 years ago."

During the Spanish régime only Muscovado sugar was produced, and by centuries-old mills. Modern mills recover about 90 per cent more sugar than did those old mills. Had the same cane of 1895 been milled then by modern machinery, such as was used in Cuba, Hawaii, Java, and Louisiana, there would have been about 90 per cent more sugar produced, and therefore the increase up to 1928 would have been only about 30 to 40 per cent. In other words, in over 30 years the Philippines have increased their acreage to cane only enough to increase their total production by about 30 to 40 per cent. In fact, even some of that increase is due to better agricultural methods. Surely there is nothing alarming about that.

As will be shown later, the rapid increase during the past 15 years could not possibly be brought about by increased acreage to cane, no matter what the future possibilities may be. This recent increase was merely a matter of financing and erecting modern mills. The cane was already there. The islands now, however, have practically enough of these modern mills to take care of the old cane-raising areas. Any enlargement of present mills, or any new mills, will come from now on almost entirely from opening up to cane cultivation land not heretofore devoted to that crop and, of course, to better agricultural methods. This opening up of new areas to cane will be a very much slower process than merely providing mills for areas long under cane. It will be difficult for Americans unfamiliar with the Philippines to understand this. Even an experienced American financed and managed company did not understand it. They undertook sugar production where it never had been raised before and failed, and their plant was sold at auction last May. It is quite natural to assume that the rather sudden increase of sugar production in the past 15 years was due to increasing areas to cane cultivation.

As will be seen in another connection, the cane in the Philippines is grown almost exclusively by small farmers, who are very slow to make any change in crops raised or agricultural methods used. If the Filipino farmer never before raised cane, it will be a slow and uncertain process to induce him to do so, even if cane pays better than what he now raises. Moreover, he is reluctant to go elsewhere to new lands. Like others of the Orient, he is ultraconservative. Anywhere in the world the small landowner changes slowly, but in the Orient he changes by decades, not by years.

These are some of the reasons why once modern mills in the Philippines take care of the cane from lands long devoted to cane—and that time is practically here now—thereafter the increase of sugar will be very much slower than it has been in the past 15 years. It will be very much slower than it was in Cuba, Porto, Rico, and Hawaii, because in all those countries most of the land is owned in large tracts, mainly by big, high-powered, foreign capital, which is

never slow to develop the land or to change from one crop to another overnight if it pays.

Senator Borah told the Senate on January 14 that—

"Any second-class lawyer can take a leasing system and combine all the cultivatable land in the Philippines, so far as the laws in the Philippines are concerned. Furthermore, it does not require very much exertion upon the part of influential powers to get rid of laws when they stand in the way of acquiring wealth or acquiring land in these subordinate nations."

If this last statement were the case, we wonder if the Senator thinks the Filipinos are ready for independence.

Our present Secretary of State tried to amend the present land laws of the islands while he was Governor General but did not succeed. In his annual report he said:

"The average Filipino believes that it is better for his country to be slowly and gradually developed by a population of comparatively small individual land-owners than to be more rapidly exploited by a few large corporations which own the land and till it either with tenant farmers or hired employees. The existence of this native sentiment has not been generally recognized in the United States."

He is entirely correct. That the distinguished Senator from Idaho is wrong is proven by the fact that after 32 years under our sovereignty there are not in the islands to-day over three or four sugar plantations of any considerable size, and, as we recall it, those arose out of conditions carried over from Spanish days. If what the Senator contends has not happened in the past 32 years it is not likely to happen in the next 32 years. Since 1916 it has been in the power of the Philippine Legislature to amend their land laws, but it has not been done. "Influential powers," the Senator mentions, have made no headway in 14 years. Throughout the islands the average sized cultivated farm in 1903 was four acres against three acres in 1918. The average sized farm of all kinds of lands in 1903 was eight and two-thirds acres against six acres in 1918. We have no later statistics. These show the average size of farms is growing smaller. The accumulation of large areas of land by a few meets another stone wall in the small farmers' dislike of parting with their farms, which in most cases have been owned by the same family a hundred years or more. Never will there be large land holdings in the Philippines. The percentage of cane now grown by mill owners is negligible. It is grown by small farmers and will so continue.

Senator Borah cited the case of Haiti, where the natives had laws prohibiting foreigners owning land, but we forced a constitution on them, abolishing that restriction. We did better by the Philippines. Our own Congress, very soon after we took those islands, passed the restrictive land laws now in force.

Attention is called to the following table of comparative increased sugar production:

Sugar production

Countries	1898	1928-29	Per cent		
			Calculated	Increase	Actual
Philippines.....	1 294,402	740,987	232	-----	152
Hawaii.....	204,833	825,893	-----	-----	303
Java.....	713,572	2,939,164	-----	-----	311
Cuba.....	1 662,330	5,156,315	-----	-----	679
Porto Rico.....	53,999	530,116	(?)	-----	881
Formosa.....	68,260	(1904) 900,334	-----	-----	1,219

¹ Average production 5 years (1893-1897).

² Per cent increase had Philippine cane in 1893-1897 been milled by modern machinery same as in Cuba, etc.

³ The 1928-29 crop for Porto Rico was small due to hurricane and had the preceding year 1927-28 been used the increase would be 1,142 per cent.

If the Philippines doubled their production merely by introducing modern mills and yet in 32 years increased their production only 152 per cent, how can anyone doubt that the increase from now on must be very slow, when the increase hereafter must come entirely from increased acreage to cane and better

yields? Careless and wild real-estate type statements have been made about the possibilities of future production. Of course, there are possibilities of much greater production, but those unfamiliar with the islands will very easily be misled as to the rate of this increase. By another two or three years the new modern mills will be milling all remaining available cane grown on lands heretofore devoted to cane. After that the increase must be slow. To-day the Philippines supply us with 10 per cent of our total sugar requirements. Our annual increase of consumption amounts to 250,000 tons. In another three years Philippine sugar production will increase so slowly as not even to reach 10 per cent of our annual increase of consumption. In other words, the Philippines will just about maintain its present ratio of supplying our requirements. We doubt if it will exceed 15 per cent in the next 25 years.

While we now have a temporary world overproduction, with the inevitable price depression, no country will rush at increasing its production and before long the whole world will be short of sugar.

In the Senate recently Senator Borah said:

"In 1922 it (duty on sugar) was further raised to 1.76 cents per pound. What was the result? The Philippines sprang forward at once, and under this protection granted them in 1922 they have increased their production 330 per cent under the laws that are supposed to be a handicap, under conditions which were supposed to preclude further development, and there is no possible reason, so far as I can divine, why they should not in another six years increase it another 330 per cent. There is no limit to their capacity within any reasonable range of four or five million tons a year."

The Senator's great-grandchildren will never see such an amount of sugar produced in the Philippines. Philippine sugar increased from 1922 to 1929, seven years, 110 per cent and not 330 per cent as some one gave it to the Senator. His fear should be allayed by the fact that in 17 years of unlimited access to our market, since 1913, after the impetus of high-war prices, and after our Government strongly encouraging increased production, yet Philippine sugar is supplying only 10 per cent of our requirements against Cuba 52 per cent. Since 1922 Philippine sugar, with a free market here, increased 385,000 tons and Cuba, with only a preferential, increased 1,550,000 tons. In the second place, Philippine sugar did not spring forward because of the 1922 increased tariff. Out of a total of 43,475 daily cane ton capacity of modern mills in the islands, August, 1928 (latest figures available), 35,375 tons, or 81 per cent, were actually in operation before 1922. Those are the mills responsible for perhaps 75 per cent of the increased production. These facts, therefore, do not bear out the distinguished Senator's contention.

Since the Senator raised this question, let us follow it a little further. As in all sugar-producing countries, not immediately affected by the war, the high war-time prices gave a great impetus to sugar production in the Philippines. During the war there was a great world shortage of sugar. Our Government encouraged, in fact urged, the Philippines to increase their sugar production. The best short cut to accomplish this was to introduce modern mills, which, without increasing the cane production at that time, doubled the output of sugar merely by better milling. That these were the main cause and method of the increase is proven by the fact that out of 43,475 daily cane-ton milling capacity in the islands in 1928 only 1,800 tons were operating up to and including 1913. Moreover, 33,575 cane-ton capacity was financed or went into operation from 1914 to 1921 inclusive. Roughly, that was the war period, and certainly before the advent of the 1922 higher tariff.

This sudden influx of modern mills was not only encouraged by the war-time prices but by our own Government. The same may be said of coconut-oil mills. With those facts before them, we can not believe that Congress now will want to blast the very enterprises our Government urged and urged largely for our own supply of sugar in times of stress. Because of the turn of the wheel to-day, shall we rail against the very industry which expanded largely at our behest? When the industry we encouraged expands in 30 years only 152 per cent to Cuba's 679 per cent, will we now thrust it out, having served our purposes, and let Cuba replace it? We have here another moral obligation that has been overlooked. Much of the capital which went into sugar and oil is far from being out of the woods.

When Senator Borah and others, now advocating Philippine independence, have all the facts of the case, as apparently the Senator did not have, we

believe their sense of fair play will take them out of the ranks of those who would now leave stranded the very industry our own Government urged roughly \$40,000,000 of Filipino and \$20,000,000 of American capital to enter. Moreover, unlike the big capital in Cuban sugar, these \$60,000,000 represent comparatively small capital. Thus, America's good faith is doubly at stake in the matter of the Philippine sugar industry.

While the above table shows the percentage of increased production during 30 years to have been 303 for Hawaii, 679 for Cuba, 881 for Porto Rico, 1,219 for Formosa, Japan's colony, yet when a few belated modern mills go into the Philippines in the past 15 years and increase their production in the same 30 years only 152 per cent, Cuban and our domestic sugars beat their tom-toms sounding alarm. Of all the countries shipping sugar to us, the Philippines, Porto Rico, Hawaii, and Cuba, the Philippines produce least sugar per capita, least per square mile, and their sugar constitutes the lowest percentage of total exports. Cuba produces seven times more sugar than the Philippines and yet she asks us to eliminate Philippine sugar from our market so she may secure for herself 600,000 tons more of America's market on top of the 3,000,000 she already sells here. In all this discussion of Philippine independence we never have seen a suggestion of giving the Philippines any preferential, should they become independent. How is Cuba entitled to supply 3,600,000 tons of our sugar consumption and the Philippines not a ton?

DOES PHILIPPINE SUGAR BREAK THE AMERICAN MARKET AND DISPLACE DOMESTIC SUGAR?

If we can prove the negative of that question the case of the sugar interests against the Philippines must fall to the ground.

Before the Ways and Means Committee last year, a spokesman for Cuban sugar related in detail that it got to be practically the universal custom the preceding year for cargoes of Philippine sugar to arrive in New York unsold and be peddled about, and concluded by saying "that is what broke the American market, gentlemen."

What are the facts? Shipments to the Atlantic coast of the United States from November 1, 1927, to August 25, 1928, the Philippine shipping season, and the period referred to by Cuba's spokesman, have the following history:

	Export tons	Per cent of total
Sold before shipment	233,100	56
Sold after shipment but before reaching Panama Canal	129,063	31
Sold after leaving Panama Canal	53,011	13
	415,174	100

The average sailing time for sugar cargoes from Cuba to our Atlantic coast is 5 to 6 days; from the Philippines, 60 days. Is there anything strange that 44 per cent of Philippine sugar should be shipped before it is sold, especially when its arrival at the market here is 60 days off? The shippers might well expect a better price sometime during the 60 days en route. Thirty-one per cent is sold after shipment and before arrival at Panama. Thus 87 per cent was sold before reaching Panama, which is longer away from New York than Cuba is. If the facts were known, perhaps considerable Cuban sugar is shipped before being sold, even though the voyage is only five to six days. Additional data is not available, but it is not unreasonable to assume that part of even the 13 per cent sold after leaving Panama was sold before reaching its destination. But, disregarding that, the whole 13 per cent constituted only about nine-tenths of 1 per cent of our total consumption. Yet Cuba's spokesman said, "It got to be practically the universal custom last year" for Philippine sugar to reach New York unsold, and told the Ways and Means Committee, "That is what broke the American market, gentlemen." According to him, Cuba's 3,000,000 tons, or 55 per cent of our total consumption, didn't break the market; it was the 53,000 tons of Philippine sugar, or nine-tenths of 1 per cent of our total consumption, that broke it. Will Congress think that rings true and that he proved his point?

Mr. Lippitt, of the beet-sugar interests, joined in on that charge last year, as follows:

"To-day the New York market * * * is depressed by Philippine sugar."

Thus beet and Cuban sugar combine to put this fallacious argument before Congress for the undoing of Philippine sugar.

But on the floor of the Senate on January 13 this year Senator Waterman, representing Mr. Lippitt's State, the center of our beet sugar industry, made the following statement:

"They (the growers of Cuban sugar) can and do control the American market, and they control it in this way, whenever the American product is about to come on the market the price of Cuban sugar in New York is put down to the lowest possible point and it is held and for the purpose of destroying an American industry and the independent producers of Cuba."

Isn't that rigging the American market? At one time the spokesmen of the beet-sugar interests say it is Philippine sugar and at another time Cuban sugar which depresses the American market. It all depends on against whom they are arguing at the time. Hawaii, Porto Rico, and now Senator Waterman, for beet sugar, all say Cuban sugar depresses this market.

In connection with what we quoted from Senator Waterman we quote what Cuba's spokesman said before the Ways and Means Committee last year:

"The refiners in the United States would prefer to buy their sugar from Cuban producers, who are Americans, whom they meet daily in New York."

Attention is called to this touching loyalty to Americans. It comes from the same Cuban interests which wished to stir up Latin America against us to help in the sugar-tariff fight. It means nothing to them that 26 per cent of the investments in sugar centrals in the Philippines is American capital, and small capital at that. But why withhold the real secret of this preference for Cuban sugar? "These refiners of foreign raw sugar and their close associates control nearly three-fourths of the raw-sugar industry of Cuba." It ought not to be difficult for Congress to see why Philippine sugar has had no bed of roses at the hands of the refiners in this market. The combined wealth and political influence of domestic and Cuban producers and United States refiners is against the Philippines.

Before the Ways and Means Committee last year, while discussing who breaks the American sugar market, Mr. Lakin, representing Cuba, was forced to go on record and admit that Philippine sugar no more than Hawaiian or Porto Rican sugar broke this market, and that when we get down to brass tacks the real trouble is "that there is more sugar in the world than the world cares to consume." Correct. As Cuba is the only one of our suppliers which must look beyond our market, must go to the world market to sell part of her production, naturally, she is the one to set the price and that price is based on the world price.

Behind our tariff wall domestic sugar, Hawaiian, Porto Rican, and Philippine sugars all have available a sure market for 3,000,000 tons more than their combined production. Why should any of them therefore cut prices? On the other hand, Cuba, with part of our tariff against her, after selling us 3,000,000 tons annually, still has a surplus of 2,000,000 tons more than our market can consume. That 2,000,000 tons must find a world market at world prices. It seeks the market of lowest price-resistance power, wherever that may be. To the extent of the preferential our market is the best in the world for Cuban sugar. Because of that Cuba can make her onslaughts on this market with less damage to herself than she can on all the world markets where she has no preferential. Hence she is constantly hammering at our market. It is Cuba's preferential and the world-price pressure connected with that 2,000,000 tons of Cuban surplus trying to nose into our market that makes the trouble. Mr. Lakin is right that getting down to brass tacks it is a matter of world overproduction. Who then is depressing this market? Is it domestic, Hawaiian, Porto Rican, or Philippine sugars, not one of which has a pound of surplus, or is it Cuba with 2,000,000 tons of surplus?

Surely we have proven that it is Cuban and not Philippine sugar that depresses this market. If we have, it must follow that Philippine sugar does not displace domestic sugar. We admit that any increased production of Philippine, Porto Rican, Hawaiian, or domestic sugar will displace an equal amount of Cuban sugar in our market. If they can not, then the duty may not be adequate. For the purposes of this argument we assume that our tariff adequately covers the difference in the cost of sugar production between Cuba

and the United States. If it does not, it is no fault of Philippine sugar, nor would the shutting out of Philippine sugar be the remedy. Behind our tariff wall, therefore, every ton of domestic, Porto Rican, Hawaiian, and Philippine sugar is assured a market. Our market is better for them than it is for Cuba and the rest of the world by the extent the tariff more than covers the difference in cost of production. No one of these four suppliers will displace the other until all together they supply our entire requirements. To-day they fall 3,000,000 tons short of supplying our requirements. Stated differently, any increased production of sugar by any one of those behind the tariff wall does not displace any other sugar behind that wall until their total production reaches our total consumption. Meanwhile until their total production reaches our total consumption, any increased production by any of those behind our tariff wall merely displaces the weakest competitor, which naturally is Cuba, which is outside the wall and has the greater handicap, namely, the tariff, hence the least power of resistance.

Before the Ways and Means Committee last year Mr. Lippitt, of the United States Beet Sugar Association, made the following statement:

"The United States produces within its borders to-day approximately 15 or 20 pounds of sugar per capita. Certainly the doubling of that production would not be an unwise and undesirable feature from the standpoint of national economy. But to allow our present tariff laws or an increase in the tariff laws to build up at the expense of the home industry a large industry in the Philippine Islands would be, in our opinion, very unwise."

Mr. Lippitt says the growth of Philippine sugar is "at the expense of the home industry," but where is the proof? He knows and we have shown that Philippine sugar is not even the one depressing this market. Let him cite facts and figures to prove his statement. They have repeated this unfounded charge so much they may believe it, but that does not prove it.

We thoroughly agree with Mr. Lippitt that the doubling of the production of sugar in the United States would be wise and desirable. We hope sincerely it will be trebled and quadrupled. But who is standing in their way now? Why should they worry about a market for their sugar when, even if they double their production, as he suggests, they would still fall, even to-day, nearly 4,000,000 tons short of supplying our consumption. Last year, before the Ways and Means Committee, the same Mr. Lippitt made the following statement regarding domestic production:

"I doubt that any reasonable tariff would permit us to expand the industry in any reasonable period of time to supply our own requirements. I think * * * our expansion in continental United States would barely keep pace with the increase in consumption."

It took domestic sugar 20 years to increase its production 300,000 tons annually while our consumption increases every year over 250,000 tons. As their annual production has increased only 300,000 tons, or 40 per cent in 20 years, evidently more than a "reasonable tariff" is required to assure this home industry a real growth. The Mexican labor storm hovering over it may even reduce it. Our annual consumption during those same 20 years has increased 2,550,000 tons, or 844 per cent more than our domestic sugar production has increased. Having made so little use during the past 20 years of an unlimited opportunity, domestic sugar still asks for more opportunity. For what greater opportunity can they rightfully ask? Later on we shall show what the "nigger in the woodpile" is. If it is more tariff they need, then shutting out Philippine sugar is not the remedy. With the production of all those behind our tariff wall now annually falling 3,000,000 tons short of our consumption, is it not perfectly clear that domestic sugar, and in fact all the others behind our tariff wall, have practically an unlimited field for increased production without in the least curtailing the market of any of the others behind that wall? Domestic sugar is crying before it is hurt. At least it has no legitimate quarrel with Philippine sugar. If this market is depressed, Cuban sugar depresses it, and if more tariff is required it is because of Cuban and not Philippine competition. Shutting out Philippine sugar does not increase the tariff.

The distinguished and able Senator Borah most meritoriously strives to solve the problem of protecting our domestic sugar industry. The nature of information supplied him led him to see and illustrate the present situation as follows:

"Suppose * * * we were producing wheat in this country in a less amount than that which we consume and we should undertake to levy a duty upon wheat and in doing so should admit Argentine wheat free and place a heavy preferential in favor of Canada; what would the protection be worth? Who could defend it?"

The Senator's conclusion is logical and would be correct if his premise were correct. In his illustrative picture Canada is Cuba, and they tally. Argentina is the Philippines, but there is the rub. With the Philippines able to supply us to-day only 10 per cent of our requirements, there is no comparison with Argentina which to-day exports more wheat and flour than the United States does. Argentina's present exports equal 28 per cent of our present wheat consumption. If she had had 17 years of unlimited access to our highly protected market, as Philippine sugar has had, instead of nothing but hard world competition for every ton she exports, Argentina probably would be supplying us now all our requirements and pushing our wheat farmers to the wall. In the picture he drew, would the Senator worry about Argentine wheat if it had increased only 152 per cent in over 30 years, and after 17 years of unlimited access to our highly protected market still supplied us with only 10 per cent of our total requirements? But, for the sake of illustration, suppose Argentina's entire production of wheat came here and supplied us 70 per cent of our requirements, Canada supplied 10 per cent, and our own farmers supplied the remaining 20 per cent. No increase of duty-free Argentine wheat would displace our domestic wheat so long as there was 10 per cent or any per cent coming in from Canada handicapped by a duty which neither Argentine nor domestic wheat pays. Not until Argentine and domestic wheat reach 100 per cent of our requirements will one of those two displace the other. Canadian wheat would be the gradually vanishing factor. To apply this to our present case of sugar, no increase of Philippine sugar will displace our domestic sugar as long as 50 per cent or any per cent comes in from Cuba, handicapped by a duty which domestic, Philippine, Hawaiian, or Porto Rican sugar does not pay. Not until the production of sugar, domestic Hawaiian, Philippine, Porto Rican, reaches 100 per cent of our requirements will one of those four displace the other. Meanwhile as they increase their production, Cuban sugar coming here becomes the vanishing factor.

After 17 years of unlimited access to our highly protected market, after the great impetus of high war-time prices, and after our Government urged increased production; after all that, if the Philippines as yet can supply us with only 10 per cent of our sugar requirements, surely domestic sugar has nothing to fear from that direction in the next two or three generations, if ever. There is no chance of the Philippines becoming an Argentina for many years to come, if ever, and it is more likely that the world will be scrambling for sugar. According to our present rate if increasing consumption 30 years hence we shall be consuming 10,000,000 tons more than we do to-day. Where will that come from? We believe Senator Borah's well-meant comparison falls to the ground, but it illustrates the unfounded but honest fear of many that domestic sugar is injured by Philippine sugar when in reality it is not.

OUR FUTURE SUPPLY OF SUGAR

The increased production of domestic sugar in the past 20 years constitutes less than 12 per cent of our increased consumption. Labor problems may decrease even the present production of beet sugar. Bearing this in mind, and remembering that Porto Rico and Hawaii admittedly are at about the limit of their production, and domestic sugar supplying us only 17½ per cent of our requirements, by what moral or any other right do the domestic sugar interests presume to dictate to Congress and the American people what shall be the source of the 82½ per cent of our sugar consumption they themselves can not supply? As has been shown, Philippine sugar neither breaks our market nor displaces a pound of domestic sugar, yet the longest, hardest, and most persistent fight made against Philippine sugar is by the beet-sugar interests. Their real motives will be explained later.

Based on less than our average increased consumption, 30 years from now we shall be consuming about 15,390,000 tons of sugar. Where is that enormous amount to come from? Assuming Philippine independence and the exclusion of Philippine sugar, the following table answers that question as nearly as possible to-day.

	Full duty	Cuba	Porto Rico	Hawaii	Philippines	Domestic beet and cane	Total
1929 consumption.....	<i>Tons</i> 14,687 0.25	<i>Tons</i> 3,014,594 51.88	<i>Tons</i> 387,284 6.66	<i>Tons</i> 774,939 13.34	<i>Tons</i> 604,501 19.40	<i>Tons</i> 1,014,975 17.47	<i>Tons</i> 5,810,980 100
Per cent of total.....							
1959 consumption.....		10,892,386	484,005	968,684		3,044,925	15,390,000
Per cent of total.....		70.77	15	6.29		19.79	
Per cent increase over 1929.....		261.32	25.00	25.00		200.00	

Let us explain the above table. Representatives of Hawaii and Porto Rico stated last year before a committee of Congress that their production of sugar had about reached the limit. However, to be conservative, in the above table we show Porto Rico and Hawaii each with an increase of 25 per cent in the next 30 years. For domestic sugar the table provides for an increase of 200 per cent in 30 years. This is unquestionably high, but we want to give domestic sugar by far the best of it. In the past 20 years domestic sugar production increased 40 per cent, so that our allowance of 200 per cent for the next 30 years is surely more than liberal. With independence, Philippine sugar would have to pay the full duty the same as Java and would thus be shut out of this market even more completely than Java is to-day.

After eliminating Philippine sugar and giving Hawaiian, Porto Rican, and domestic sugars the increases above mentioned, who will supply the remaining 10,892,386 tons of our requirements 30 years hence? Porto Rico, Hawaii, and domestic sugars, being protected behind our tariff wall, will always find a market here for all the sugar they can produce. Cuba, with her 20 per cent preferential over all others, will naturally get the balance of our requirements. It is, therefore, inevitable that the above 10,892,386 tons would come from Cuba and Cuba only.

Returning to the above table, it will be noted that 30 years hence our sugar supplies will have about the following sources: Porto Rico, 3.15; Hawaii, 6.29; United States beet and cane, 19.79; Cuba, 70.77.

How easy it will be for Cuban and domestic sugar interests supplying 90 per cent of our requirements to manipulate the American sugar market ought to be apparent to anyone. Moreover, it ought not to be difficult to see by this time why these two interests have combined to force Philippine independence and eliminate Philippine sugar. We hope Congress and the American people will now see through the plan to undo the Philippines and open the way to make the American consumer pay through the nose.

We wonder if all the members of this committee realize the extent of the varied effects of Philippine independence. To-day two-thirds of Hawaii's labor in the sugar industry is Filipino. Independence would, of course, exclude them from Hawaii as well as here. With all other orientals already shut out, the Hawaiian sugar industry would be ruined. Mr. Cooke, retiring president of the Hawaiian Sugar Planters' Association, said recently that if the supply of Filipino labor is also cut off from Hawaii, it would be most deplorable. Practically all cheap labor except from Mexico will be expended. Without some of this labor even Hawaiian duty-free sugar can not compete with Cuba. Thus Philippine independence not only eliminates from our market Philippine sugar but probably Hawaiian sugar as well. Thus, more and more it becomes apparent we may greatly need Philippine sugar in the near future.

Moreover, the beet-sugar industry lives in a glass house. Mr. Hushing, legislative representative of the American Federation of Labor, made the following statement before this committee on January 20, this year:

"We have the Mexican problem on the way, and the addition of the Filipino problem portends great danger to the standard of living of the American wage earner."

Will Congress want to exclude the Filipinos, our own wards, but let in the Mexican peons without restriction? On best obtainable information, it is believed that the total number of Filipinos now in the United States is less than 50,000, and that the rate of annual increase is less than one-tenth of the officially registered annual immigration from Mexico alone. No one knows how many thousands of Mexicans come here without official registration. It is difficult to understand why so much restriction is now placed on European immigration and so little, if any, on the much lower class of Indian-Mexican peon labor. On January 16, this year, the following statement was made by Senator Blaine on the floor of the Senate:

"* * * nor will the American people continue much longer to tolerate the influx of 50,000 to 75,000 Mexicans annually when we are denying the proper rate of immigration to the people of northern Europe, of Germany, and of the Scandinavian countries and of Ireland. The Mexican immigration must halt, and halt soon, else the American Congress has played the part of a hypocrite in enacting the national origins law."

To materially increase the production of beet sugar would require such an increase of Mexican and other cheap labor that we would have on our hands a social problem totally eclipsing our Philippine sugar and oil problem.

Exclude Mexican labor, which constitutes 75 to 90 per cent of the labor in some of the United States beet fields, and the cost of beet sugar, raised by other labor, would be so high that no Congress would dare put on enough tariff to enable it to make a dollar. If beet and Hawaiian sugar were eliminated because of labor, and Philippine sugar excluded by independence and a tariff, we throw ourselves at the tender mercy of Cuban sugar for 5,300,000 tons annually, or 90 per cent of our requirements. The remaining half million tons we consume would come from Porto Rico and Louisiana. Knowing how gently Cuba treated us at the close of the Great War by running sugar above 23 cents per pound, shall we now deliberately jump into that lion's mouth?

Our future supply of sugar, therefore, may not be so secure as it seems to-day when there is a world surplus. We must not lose our heads to-day over this world overproduction and by unwise acts lay up for our people the reverse situation in the comparatively near future. We are consuming annually about a quarter of a billion dollars more tropical and subtropical products than United Kingdom, France, Holland, Belgium, Italy, and Spain. Yet of the tropical domains of the world, those six nations control 59 per cent and the United States controls two-thirds of 1 per cent. We want to put in this record the prediction and warning that if Philippine independence is brought about largely on account of present world oversupply of sugar and phantom competition that act in the comparatively near future will be looked on as a curiosity for its outstanding lack of foresight for the future needs of the American people. We do not suggest holding the Philippines merely as a source of supply for sugar and other tropical products but we do contend those are no adequate reasons why we should get rid of them. With our constantly increasing need of tropical products we can not conceive of a more desirable relationship than with the Philippines, with their slowly developing supply of sugar, rubber, and other tropical products under our own flag. Their tropical products complement our Temperate Zone products with the least possible amount of conflict. Statesmanship will therefore want to consider well whether to cast off the Philippines where sugar and other tropical products we need more and more every year can be produced and without a race problem.

COLLUSION BETWEEN CUBAN AND DOMESTIC SUGAR INTERESTS AGAINST THE PHILIPPINES

We make the point-blank charge that domestic and Cuban sugar interests have been in colusion to destroy Philippine sugar with a resulting detriment to the American consuming public. We shall prove this charge largely out of their own mouths. In order to keep down the length of this brief, already too long, important quotations will be attached hereto as exhibits and referred to in this text as such.

It is very apparent why Cuban sugar wishes to eliminate Philippine sugar from our market but, in view of the fact that Philippine sugar does domestic sugar no harm, it is not so apparent why domestic sugar is so active against Philippine sugar. There is to-day a serious world overproduction of sugar, with corresponding depression of prices. Cuba has 2,000,000 tons more sugar than this market will consume. Unless she can find a market in the United States, where she has a preferential, she must sell at world prices, which, by following market quotations, we find are considerably under the corresponding price to the United States. Cuba wants an outlet for her 2,000,000-ton surplus. The Philippines are shipping here annually 600,000 tons which Cuba wants to replace and thus relieve herself of that much more surplus. Moreover, she claims to fear a rapid increase of production of Philippine sugar. (See Exhibits C and F.) She knows that the Philippines is the only one of our present suppliers except herself likely to increase production to any considerable extent, and she also knows that any such increase reduces her share of our market, hence she wants Philippine sugar out of the way. Our annual increase of consumption is 250,000 tons. Hawaii and Porto Rico are about at their limit

of production and domestic sugar at the best will increase very little. Therefore, with Philippine sugar out of the way, Cuban sugar would each year have a larger market here by approximately 200,000 tons. In seven or eight years, and probably sooner, this will absorb all of her surplus sugar. Thus, the main object of the great Cuban sugar capitalists is to eliminate Philippine sugar.

Cuban sugar knows that she alone can not bring about the elimination of Philippine sugar from this market on the cold-blooded basis of merely her own selfish interests. She has, therefore, enlisted the support of domestic sugar in this fight, and domestic sugar has done so on the sham basis that Philippine sugar seriously competes with it. Cuban sugar has had a club with which to force domestic sugar into this collusion. That club was Cuba's opposition to an increase of the sugar tariff. While negotiations were going on last year, and perhaps even yet, as will be shown from exhibits hereto attached, Cuba, for the benefit of Congress and the American people, kept up a "technical defense" (see Exhibit A) and ostensibly opposed an increase of the tariff. In reality that is pure sham. However that may be, once domestic sugar agrees to help eliminate Philippine sugar, Cuba goes so far as to even suggest a 3-cent tariff. (See Exhibit B.) Yet the world supposes Cuba is opposed to an increase of the tariff.

What does domestic sugar most want and get out of this collusion? A higher duty on sugar. Even if it must give Cuba higher preferential, the higher full duty rate and close harmony with Cuba in marketing the crop would insure a higher price for itself and Cuban sugar behind a 3-cent than a 2.20-cent tariff wall. (See Exhibit E.) Even though Philippine sugar does it no harm, nevertheless domestic sugar will sacrifice Philippine sugar if by so doing it gets the withdrawal of Cuba's opposition to a higher full-duty rate. Let no one underestimate the political influence of the supercapital, owning about three-fourths of Cuba's sugar. Thus Philippine sugar and the American consumer are the sacrifices to Cuban and domestic sugars' holiday. Cuban and domestic sugar have no mercy for anything standing in their way. Last year, at least Cuban sugar, was willing not only to destroy Philippine sugar but to double-cross Hawaiian and Porto Rican sugar as well. (See Exhibit A.)

We call attention to Exhibit B, where Cuba proposes to eliminate Philippine sugar, raise the tariff to 3 cents, and increase her own preferential to 50 per cent. When this Cuban proposal is figured out, although the duty is raised to a full duty rate of 3 cents, nevertheless, by increasing the preferential, Cuba would pay only \$2,400,000 more duty than she pays to-day. Even that would be more than wiped out at once because of the larger share she would receive of our consumption and because of the yearly increase of the amount of Cuban sugar coming in under the higher preferential. If, however, the full duty were 3 cents, with no change in the present preferential, Cuba would pay \$36,000,000 more than to-day. But this was never contemplated either by Cuba or domestic sugar. (See Exhibit E.)

With Philippine sugar out of the way, Cuban sugar is not in the least concerned over an increase of the tariff (see Exhibit C) even without an increase of preferential. At present the world rate is 2.2 and with her 20 per cent preferential the rate for Cuba is 1.76. This gives Cuba an advantage of 44 cents per 100 against all full-duty sugars. If the world rate be raised to 3 and Cuba gets only her present 20 per cent preferential, the rate to her would be 2.40. This gives Cuba an advantage of 60 cents instead of 44 cents per 100 against all full-duty sugars. It is clear, therefore, that so long as Cuba has a preferential the higher the world rate the better protected Cuba becomes against world competition. If her preferential were raised to 50 per cent and world rate raised to 3, as was evidently the agreement last year, Cuba's rate would be 1.50 and her advantage over world competition would be \$1.50 per 100. But, in either case, whether her preferential remains as at present or is doubled, the higher the world rate the better she is protected against world competition. Domestic price would be put up to take full advantage of the increased 3-cent world rate. In fact, import prices would be advanced to the point just below where Java and other world sugars could pay the 3-cent tariff and get in. That price, however, would be increased in direct proportion to the increase of the full duty rate. That price or point would certainly be the maximum and the American consumer would be paying it.

Cuba's outstanding objective, as has been seen, is to eliminate Philippine sugar from our market. (See Exhibits C and F.) Those exhibits prove conclusively that it is Cuban and not domestic sugar which is being displaced by Philippine sugar. As Cuba sees it, without limitation or exclusion of Philippine sugar coming here free of duty, any increase of duty would merely

encourage Philippine sugar production even more than the present rate. That is why Cuba is still holding out against domestic sugar securing an increase of the tariff. Philippine sugar once out of the way, Cuban and domestic sugar could reach an agreement "in 5 minutes." (See Exhibit D.) The terms of the agreement undoubtedly were that Cuba traded a 3-cent duty to domestic sugar for the elimination of Philippine sugar. Domestic sugar on the other hand, being so anxious for the higher duty, is willing to throw in for good measure an increase of Cuba's preferential. (See Exhibit E.)

When it became certain that Congress would not put a restriction on Philippine sugar coming here while those islands were under our flag, domestic sugar lost its great trading point. It was willing to give Cuba a higher preferential instead, but that was not good enough for Cuba. Thus their "negotiations" are deadlocked. That is the situation to-day. The sham battle of the sugars! Both want a higher full-duty rate, because it is money in each of their pockets. But Cuba won't play ball, because Philippine sugar is still in the way. Hence domestic sugar is out for Philippine independence, with an accompanying tariff excluding Philippine sugar. It threatened to do this last year if limitation on Philippine sugar coming here did not take place. In order to attain their respective objectives both of these interests are now out for the slaughter of the Philippines. That is the status to-day as we see it. Those two interests are still in collusion for the above purposes—against Philippine sugar and the American consumer.

PHILIPPINE COCONUT OIL

American agricultural associations are demanding Philippine independence so as to be able to tax Philippine coconut oil, which they claim competes with oleaginous material produced by the farmers of the United States.

In this brief we have gone to great length to disprove the contention that Philippine sugar injures the domestic sugar producer. Inasmuch as the representatives of the Philippine coconut-oil industry have submitted to this committee an elaborate brief on coconut oil, we shall in order to avoid unnecessary repetition only briefly touch this oil controversy.

We believe that, everything considered, the American farmer is better off by virtue of free coconut oil from the Philippines than he would be with Philippine independence and Philippine coconut oil taxed.

Coconut oil, because of its lathering qualities, is an indispensable ingredient in the manufacture of toilet and laundry soap and is used in conjunction with oils and fats of domestic origin in producing these soaps. Without a liberal proportion of coconut oil these soaps would not possess requisite lathering and rinsing qualities, and no oil or fat produced in the United States can be substituted for coconut oil in supplying the necessary lathering and rinsing qualities. Furthermore, American housewives are demanding laundry soaps that are white in color, and the refuse fats of domestic origin for soap making can not give the required light color to these white laundry soaps unless combined with liberal proportion of coconut oil. The indispensability of coconut oil in the manufacture of soap can not be denied.

Coconut oil is also indispensable in the manufacture of margarine, and while margarine is a substitute for domestic butter, there is no problem of avoidable competition between margarine and butter. The production of butter in the United States per annum is approximately 2,100,000,000 pounds, while the production of margarine is 307,934,000 pounds, roughly, 7 to 1. The wholesale price of butter at New York is 37½ cents, while the wholesale price of standard grades of margarine is 17 cents per pound. With this great difference of 20½ cents per pound there is no more competition between butter and margarine than between a Rolls-Royce and a Ford. No tariff barriers could be devised against the importation of coconut oil that would advance its cost sufficiently high to make the cost of margarine competitive with the cost of butter. The difference between the cost of butter in the American market and the cost of margarine is so great that no practicable means could be found whereby the cost of coconut oil could be sufficiently inflated to curtail its use in the manufacture of margarine. Not only is the spread between the price of butter and margarine so great in the United States, but in the European markets the spread is equally great. In both the United States and European countries the field for the sale of butter is among those consumers who prefer the dairy product or who can afford to purchase butter at its relatively high price. Both in the United States and in European countries, the field for margarine is among those consumers whose budgets will not permit the purchase of butter. It is a well-known fact that even large numbers of American and Danish dairy

farmers sell their production of butter at its relatively high price and purchase the cheaper margarine for their own consumption. As about 50 per cent of our American farmers produce no butter and undoubtedly many consume margarine, they would be directly and adversely affected were the price of margarine raised because of an import tax on Philippine coconut oil. Any import tax on Philippine coconut oil can not fail to add to the cost of margarine, which is used by that very portion of our citizens, farmers and laborers alike, who can not afford butter and can least afford to pay higher prices even for margarine, a necessity of life. Such import tax would only add to our poorer people's burdens without curtailing the use of this oil in the manufacture of margarine or soap. It would, in fact, add a huge additional burden on our entire 120,000,000 people's soap bill and to the poorer people's margarine bill. The American farmers complain that the tariff adds to the cost of what they consume, but not to the price of what they produce. We have yet to see from any source figures to show even approximately how these increased burdens to the farmers alone compare with the loss, if any, they sustain on account of Philippine coconut oil coming here free of duty.

The Philippine coconut industry is an asset of inestimable value to the United States. It is an indispensable raw material in the manufacture of important necessities of life. Not being produced in the United States, the importance of having a large and dependable supply within the territorial boundaries of the United States can not be overestimated. The United States has for years suffered the disadvantage of having no production of rubber within our international boundaries.

During the fiscal year, October 1, 1928, to September 30, 1929, imports from the Philippine Islands into the United States amounted to 408,313,000 pounds of coconut oil, valued at \$30,230,000, and 356,281,000 pounds of copra, valued at \$15,315,000, a total of \$45,545,000. This quantity of copra and coconut oil would have been imported from the Philippines or other coconut-growing countries, irrespective of any tariff barriers, which might be reached by granting independence to the Philippine Islands or by other means. Attention is called to the fact that the United States during the same year was compelled to import \$12,000,000 worth of copra from countries other than the Philippines—in fact, almost as much as from the Philippines. Thus our total importation of coconut oil and copra in the past fiscal year was \$57,552,000. By virtue of the major portion of our requirements of coconut oil (and copra) coming from the Philippines we establish a relative credit balance in favor of the Philippines, against which the islands were enabled to purchase from us quantities of American agricultural and manufactured products. Inasmuch as the United States must purchase from coconut-growing countries over \$57,000,000 worth of coconut oil (and copra) each year, it is fortunate that the major portion of this necessary supply can be obtained from the Philippines, where products and articles grown and produced in the United States can be sold without the interference of economic barriers.

Let us cite actual cold facts. In 1928 practically all our imports of coconut products (copra) which did not come from the Philippines were purchased from five countries. Attention is called to our total export and import trade with them:

	1928	
	Our ex- ports	Our im- ports
Ceylon	2,746	30,737
British Malaya	11,816	204,364
Netherland East Indies	34,445	96,142
British Oceania	1,509	1,182
French Oceania	1,259	1,483
	51,775	333,908
		51,775
		282,133
Philipine Islands	83,858	115,886
		83,858
		31,728

They bought from us \$282,000,000 less than they sold to us. The Philippines bought from us only \$32,000,000 less than they sold us. Had those five countries' ratio of purchases from us to their sales to us been the same as that of the Philippines they would have purchased from us \$241,000,000 instead of \$52,000,000. Thus, with Philippine independence and no reciprocal free trade, we would be buying most of our coconut products requirements from those countries of whose total commerce with us in 1928 only 13 per cent was purchases from us, while the Philippines it was 42 per cent. Only 10 years ago in 1919, of our total \$16,544,613 of imports of copra, only \$751,583 came from the Philippines. Under independence the Philippines would lose most of our market for coconut and other products and we would buy from countries which in turn buy very little from us. Where is the advantage—swapping a willing fat horse for a balky scrawny one?

So long as we must buy nearly \$60,000,000 of coconut products yearly, why not buy them where we get the greatest degree of reciprocal trade? If we grant the Philippines independence it is estimated that we shall lose \$60,000,000 of our present exports to these islands. The first and surest of these to lose out are the following agricultural products:

Cotton products-----	\$15,398,033	Vegetables-----	\$684,725
Breadstuffs-----	4,991,523	Wool manufactures-----	452,712
Tobacco-----	3,005,456	Hay -----	51,496
Dairy products-----	3,000,976	Honey-----	4,999
Fruits and nuts-----	1,235,268	Total -----	29,543,996
Meat products-----	718,808		

These constitute, roughly, 50 per cent of what independence and the termination of reciprocal free trade would lose for us. The remaining \$30,000,000 exports we shall lose would give employment to several thousand workmen and thus improve our home market for our farmers.

We are opposed to deciding what we are to do with the Philippines on what it means to us in trade in either direction. We cite the above facts merely to show the farmer that, even with him, from a purely economic standpoint, there are two sides to his plea for independence. Looking at the problem from his side, independence means it is certain he will pay more for soap and margarine, will lose a market for about \$30,000,000 of his products, and it is questionable as to the extent he would be benefited by taxing Philippine coconut oil. It is certain also that Philippine independence and a tax on coconut oil would add greatly to the burden of the poorer classes of our people.

INTERNATIONAL

The international aspects of our relations to the Philippines are of profound importance primarily to both the Philippines and the United States and also to the Orient and the world in general. The whole balancing factor, now practically assuring peace in the Orient, would be upset if we left the Philippines. Important as these international aspects are in shaping our Philippine policy we prefer not to discuss them at this time. Moreover, this is a phase of the problem about which Members of Congress have excellent facilities for informing themselves and surely they will wish to do so before making up their minds on this question. Suffice to say, therefore, that until the nations of the world have settled down to the angle of repose it will add greatly to the security and well-being of the Philippines and the peace of the world if we remain in the islands for at least a generation more.

WHAT EARLY INDEPENDENCE MEANS FOR THE PHILIPPINES

It would mean an economic collapse which would carry with it a lowering of social standards and possibly political unrest.

It would require a volume to treat this subject fully so we touch only the high spots.

Let us first take a glance at the recent economic history and present status of the Philippines.

In 1896 the last revolution against Spain began. Six or seven years of wars followed. That recovery has been slow is evidenced by what took place in one of perhaps their two best-established industries. In 1922, only eight years ago, they produced for the first time as much sugar as they did in 1895, 35 years ago. Much as has been said recently about the dangerous growth of Philippine

sugar even yet that industry is doing well only when confined to the areas long devoted to cane. An American company which tried to develop sugar where it never had been raised before found its property sold at auction in May last year.

In the first place the Philippines are the land of the small man, will remain so due to the prejudices of the people, and therefore will develop slowly. No high-powered outside capital went there and rapidly developed that country as was done in Cuba, Porto Rico, and Hawaii. Note the percentages of increases of sugar production from 1898 to 1929:

	Per cent
Philippines-----	152
Hawaii-----	303
Java-----	311
Cuba-----	679
Porto Rico-----	881
Formosa-----	1,219

Economically, when compared with other similar countries, the Philippines are still in their infancy as shown by the following per capita purchases for 1928:

	Per capita purchases, 1928	Per cent per capita purchases exceeded that of Philippines
Formosa-----	\$22.90	100
Cuba-----	59.00	436
Porto Rico-----	65.00	500
Hawaii-----	283.00	2,427
Philippines-----	11.20	-----

With her per capita purchasing power already 436 per cent greater than that of the Philippines Cuba would still further paralyze Philippine industry and domestic sugar would join in the killing.

It is no wonder, with a per capita purchasing power even to-day of only \$11, with a per capita annual income estimated at only \$33 to \$38, that every Governor General from Taft to Davis has fostered the economic development of the Philippines. In Governor Stimson's last report as Governor General he said:

"The problem presented by lack of economic development in the Philippines and the consequent lack of revenues * * * is fundamental."

These are cold facts. They show how the Philippines still lag far behind these other countries in the development of even the old and much complained of sugar industry. Domestic sugar, under the guise of justice to the down-trodden Filipinos, has agitated for Philippine independence, and done so in order to make our tenure in these islands so indefinite that little economic development would take place there. It can not be denied they succeeded. Last year domestic and Cuban sugar interests combined to restrict Philippine products coming into the United States. Not succeeding, this year they are fighting for independence. Under such unpropitious circumstances, naturally industry in general has had a slow and weakly growth.

Let Speaker Roxas of the Philippine Legislature give you his people's picture of the present economic status of the Philippines. It is also the American picture:

"Now that we are starting to benefit ourselves from an economic viewpoint in this relationship with the United States you see a determined effort to tax our imports into this country, or, at least, to limit the amount on the free list. * * *

"In justice to the people, I ask, can there be stability in the Philippines under that situation? Is there any man in the Philippine Islands who will invest his capital in the promotion of any industry dependent on this matter while this agitation goes on? What guaranty does he have as to how long this market will be open to him?

"And the Filipinos who have all their fortunes invested in tobacco, or sugar, or in coconut oil, can they have any feeling of security that when the sun rises the next morning they will be the beneficiaries of their own labors? That their fortunes will not be completely ruined? And that, by the action of the Congress of the United States?

"Can there be progress? Can there be development in the Philippine Islands at this time under those conditions, Mr. Chairman? Once that proposition is accepted, I ask, is it the desire of the United States to maintain sovereignty over the Philippine Islands under those conditions, working an injury rather than a benefit toward our people?"

What an indictment of our stewardship of the Philippines, and yet it is a just one. Shall America make good or, poisaona by greed, shall we do worse by enacting premature independence? While we are bitterly opposed to anything like immediate independence, nevertheless, better independence with all its attending ills than continue as to-day. The American people ought to know that while it has been their unselfish wish to do all within their power to help the Philippines in every respect, as McKinley promised, yet, the success of that noble effort has been thwarted greatly by the very sugar interests, heretofore posing as liberators and now demanding immediate independence. For years, Cuban and domestic sugar has worried, and stunted Philippine industry by swinging, year after year, this independence sword of Damocles over its head. Believing they can succeed better by appealing to America's pocketbook than to her heart, to-day they are for independence and taxation. In fact, Speaker Roxas's just indictment puts America on the defensive because of the acts of the sugar Fabians. If these same interests succeed now in bringing about Philippine independence for their dollar and cent purposes, American conscience will be routed.

With the above sketchy picture of the already unsatisfactory economic conditions in the Philippines, we may now ask what will be the economic effects of nearby independence? Independence means that roughly 75 to 80 per cent of Philippine exports now coming into the United States free, in other words about 60 per cent of their total exports, would have to pay duty or find a new market. The duty on their present exports coming here would amount annually to considerably over \$50,000,000, and yet their total insular government revenues for 1928 were only \$47,925,000. It must be clear to anyone what fundamental and paralyzing effects such a market displacement would have on any country. With 60 per cent of their total exports having to shift suddenly for new markets or pay a heavy duty, when practically every industry they have of any consequence, except perhaps two, will be displaced simultaneously, that is a body blow to any country. But much more of a body blow is it to the Philippines, which economically are still in swaddling clothes.

Well intentioned as we have been, it is not an unfair criticism that we have not done enough to increase economic development of those islands. We have stressed political and social progress and greatly raised their standard of living, but we have not to this day provided a correspondingly basic economic structure to support that superstructure. And to-day by independence to still further paralyze the even now inadequate economic resources is a kindness that is no kindness.

Mr. Henry Cabot Lodge recently made a study of the Philippines, and in Harper's for January, 1930, states the following:

"The only positive economic fact seems to be that because of us and their free-trade connection with us, their standard—and hence their cost—of living has gone up far beyond that of any of their neighbors * * *. We have weakened them to such a point that independence would be the most wanton cruelty."

Mr. Lodge is absolutely correct. We weakened them by implanting a standard of living which even now they can not adequately support. This is borne out by the fact that about 40,000 Filipinos, practically all laborers, have emigrated in the past few years to Hawaii and several thousand more to continental United States and elsewhere. This happened in the face of the fact that there is no pressure of population. Their own country is very sparsely inhabited for an oriental country and actually needs labor. Their population per square mile is 100, compared with Korea's 250, Formosa's 300, Japan's 400, and Porto Rico's 400. But is it any wonder that they left when their per capita purchasing power is \$11 against \$22 for their nearest neighbor, Formosa,

Japan's colony? Under our influence the Filipinos, greatly to their credit, adopted a higher standard of life, with which, however, their lagging economic development has not kept pace. The economic collapse, which must inevitably follow independence, will as inevitably wreck their standard of living. Having become accustomed to these higher standards, to greatly lower them now will find the Filipinos less content to accept the let down than had they never acquired a taste at all for higher standards. It were better, in the beginning of our relations with them, that we had left them and never whetted their appetite for higher things if now, by independence, we cast them back to their standards of 20 years ago. That is what we would do with near-by independence. We took them to the highlands, showed them the fertile plains, and now by the turn of independence propose to cut off the streams of water.

Moreover, by giving them access to the greatest and best market in the world we weakened them in that they are not inured to world competition. What economic progress they have made is based on their free-trade relations with the United States. The Philippines once enjoyed oriental and European markets for their sugar and other products. We gave them free trade and, naturally, most of their products are shipped here. Meanwhile, Japan, which was formerly a good customer for Philippine sugar, increased the production of that article in her own colony (Formosa) by 1,219 per cent since 1904.

Compare what Japan did for her colony with the increase of sugar production in the Philippines since 1898 of only 152 per cent. And now complaint is made even against that small increase. Japan admits Formosan sugar free but imposes a duty on Philippine sugar. Java increased her sugar production by 311 per cent and, not having raised her standard of living and wages, does it at a cost which Philippine sugar can not meet now. Hence, Philippine sugar can not compete with Javan sugar in China and other markets of the Orient and in Europe. Practically all the European countries give sugar from their colonies preference over Philippine or any other sugar. Any sugar they buy, other than from their own colonies, comes mainly from Java and out of Cuba's present 2,000,000-ton surplus. The cost of sugar production in Java and Cuba is far below the cost of Philippine sugar. Philippine sugar is thus to-day shut out from markets of Europe and the Orient. Now it is proposed to shut it out of the American market. Let it not be forgotten that during the war-time shortage of sugar and coconut oil it was America that encouraged the increase of sugar and oil mills in the Philippines. Now it is proposed that we break them. We, ourselves, weakened the Philippines by raising their standard of living and wages and by giving them access to our highly protected market and led them to lose all their former markets. They will encounter a very different world in which to find markets for Philippine sugar to-day from what it was when they shipped large portions of it to Hong Kong, China, Japan, and Europe. "Coconut oil will also be greatly affected by the abolition of free trade."

Seventy-five per cent of their total exports come here to a highly protected market. As sure as the sun rises and sets the present standard of Philippine wages, the present standard of Philippine living must be lowered greatly before those islands can produce and sell their products in competition with the countries of much lower standards of wages and living. Even if they would still ship their products to the United States as to-day but pay the duty, their wages and cost of production must likewise come down to the level of Java and other competitors, which then will also have access to our market on the same basis as the Philippines. The Philippines to-day can maintain their standard of wages and living above Java and other similar oriental tropics because of one fact and one fact only, namely, that 60 per cent of their total exports have free access to the highly protected American market and those other countries do not. If we were to give them independence now after raising their standard of living and before they really get on their feet, before they have a purchasing power comparable to Cuba, Porto Rico, and similar countries, if we were to stop the free entry of their products into the United States, it were better we had never stayed in the islands at all. Had they not been given access to our free markets they would from the beginning have kept down their standard of living to where they could produce their products at costs that would enable them to compete with other countries which are not favored by a free American market.

Mr. Osias is one of the two Philippine Resident Commissioners sitting in the House of Representatives in Washington. The following colloquy took place on the floor of the House on January 13, 1930:

"Mr. Hogg. While I do not believe the standard of living should enter into any argument in respect to the Philippine independence, yet for my own information I would like to have the gentleman tell us whether or not he feels that the Filipinos will be able to maintain the standard of living to which they have been brought by the United States Government.

"Mr. OSIAS. I am very sure that we will be able not only to maintain but to improve our standards of living in the Philippine Islands." (Applause.)

This is a typical sample of excessive Philippine sentimentalism taking cold facts for a ride. It is the old, old story. An overly exuberant youth's wants turn his pocketbook into an Alladin lamp.

On December 14 last on the floor of the House Mr. Knutson, addressing Mr. Osias regarding the effect of Philippine independence, said:

"You would be just as prosperous as you are now if we levied tariff duties against your country. Did not Spain levy heavy tribute on the Philippines for over 300 years?"

Yes, Spain levied tribute, and what were the results? How prosperous were the Philippines? What was their social status? Does Mr. Knutson's zeal for the dairying interests carry him to where he would plunge the Filipino people into the social, political, and economic Medievalism which we found there in 1898? Mr. Knutson is author of one of the Philippine independence bills now before Congress. We suggest to the Filipino people that they beware of the Greeks bringing such gifts. We suggest to the American people that they "stop, look, and listen" before they accept Mr. Knutson's prescription for the Philippines.

We cite these two typical cases—one of an American, the other of a Filipino—of too prevalent and appalling misconceptions of what Philippine independence means, and to put Congress and the American people on their guard. Let us subject their statements to only one cold-fact test, to see whether or not under independence the Filipinos could maintain even their present standard of living, to say nothing of improving it, to see whether they would be just as prosperous as they are now if we levied our tariff against them.

Using the latest available statistics, had Philippine products now entering the United States free of duty been subjected to the full duty they would be paying annually duty amounting to considerably over \$50,000,000. In other words, the Philippines would receive over \$50,000,000 less for those goods than they now receive. This equals about \$4.20 for each man, woman, and child in the islands. This loss will of necessity be reflected directly in their purchasing power. Deducting \$4.20 from their 1928 purchasing power of \$11 leaves them with a purchasing power of \$6.80 per capita, and thus at one fell stroke of independence the loss of the free American market would bring their purchasing power to the \$6.87 of 1912, almost 20 years ago. Let Messrs. Knutson and Osias explain how the Philippines can pay out these \$50,000,000 in duties, none of which are paid to-day, and still be as prosperous as they are to-day and maintain the same standard of living they have to-day. Let them show by what magic the Philippine sugar industry can receive \$50 per ton less for their sugar than they do to-day and still pay the same scale of wage and maintain the same standard of living they have to-day. Let them show how the coconut industry can receive \$44 per ton less for their oil and still maintain their present scale of wages and profits. Whoever believes they can live in a child's paradise. He believes 2 from 4 equals 4. Speaker Roxas had his feet on the ground when he told this committee that with immediate suspension of free trade with the United States the Philippines "would face serious disturbances from un-economic life." Mr. Pedro Gil, floor leader of the minority party in the Philippine House of Representatives, told you "There is no doubt that the abolition of the present free trade will have for its immediate effect a serious economic disturbance in the Philippines." Both are right, and anyone at all familiar with Philippine conditions knows they are right, and Messrs. Knutson and Osias are wrong. It is fair neither to the American nor to the Filipino people that statements should be made as incorrect as those of Messrs. Osias and Knutson. What better harbinger of foreboding disaster would one want than the fact that fear of independence is already being in a measure discounted by fall in price of stocks in Philippine enterprises. A preferred stock in an American company bought 18 years ago sold recently at a loss of 20 per cent.

As we have shown, whether Philippine products continue to come here but pay the duty or find new markets elsewhere, Philippine wages must go down, profits must go down, incomes must go down, and revenues must go down. The total Philippine insular government revenues for 1928 were only \$47,925,000. For that small country with such low revenues of a sudden to receive for its exports over \$50,000,000 less than it does to-day, it is easy to understand why competent judges place the drop of insular government revenue under independence at 40 per cent to 50 per cent, bringing it down to a total of from \$24,000,000 to \$29,000,000. Moreover, this drop happens just when the expenses resulting from setting up an independent government must of necessity have gone up. Without the guarantee of the American Government new bonded indebtedness will pay a much higher rate of interest than to-day. The peso will very materially shrink. Secretary Weeks a few years ago made the following statement on this point:

"It has not been made apparent in what way the greatly increased expenditures of an independent government would be met by the greatly reduced revenues which must follow from that independence."

Taxes will have to be increased and just when the people economically have received a body blow and can least stand an increase.

We shall be told that under independence the islands will receive much more revenue from customs duties because American goods now entering free will have to pay a duty. That will be true, at least theoretically, but attention is called to the fact that much less goods will be imported. When they receive \$50 per ton less for sugar, \$44 per ton less for cocoanut oil, and reduced prices on other exports also, their laborers and employers will not have the money to buy as many goods as they do to-day. Therefore, they can not expect the same volume of imports as to-day, on which to levy duties.

It is true the per capita tax is very low because the incomes are very low. Governor Stimson said in his last report that the rate of taxation "had reached a level which in general was quite as high as the islands should bear." The percentage of per capita income paid in taxes is about the same as in the United States. Per capita taxes can not be increased without increasing per capita income, but per capita income is bound to go down under the independence economic earthquake. To increase the tax rate, therefore, when the people are far less able to pay will, in our judgement, not be conducive to domestic tranquillity. It is a grave question how patient will be the millions of laborers who will be exchanging full stomachs to to-day for independence empty stomachs of to-morrow. Taxation and finances have always been the source of most trouble for newly organized and even for old and long organized governments. To give them independence, and along with it wrecked business and wrecked finances, from the beginning, is certainly a long way from the high purposes we have entertained toward the Philippines up to the present time.

Following the line of least resistance, the government must curtail its activities all along the line, must curtail its rather effective public-health service in fighting the frightful rate of infant mortality in that tropical country. We warn generous America of that fact. Public improvements will be curtailed, transportation services will deteriorate. The heroic struggle for education will be palsied. All this will happen not because the Filipinos wish it but because they can not avoid it. You will not find 1,250,000 children in the schools or 7,000 enrolled in the universities, as you find to-day. The Filipinos followed our advice to strive for higher standards. They deserve unbounded praise for their response, but they are not sufficiently near shore to justify our rocking their boat. In 1928 the average salary of all the Filipino teachers was \$30.27 per month. Many receive only \$20 per month. The per capita expenditures for public, elementary, and secondary schools for our outlying territories and possessions for 1926 were as follows:

Hawaii	\$13.90
Canal Zone	10.19
Alaska	9.03
Guam	4.16
Porto Rico	4.01
Virgin Islands	3.64
American Samoa	2.77
Philippines	1.00

All the above include new buildings, as well as operation and equipment expenditures. Attention is called to the fact that the per capita expenditure of the Philippines, as shown by the above table, is by far the lowest of any of our Territories and possessions, and yet in the face of that sugar and dairying organizations would still further paralyze the ability of the Filipino people to educate themselves. Do the American people want to do that? Let no one presume that the Filipinos are not making noble effort at education. In 1927, 25½ per cent of their insular, provincial, and municipal expenditures went to schools. Under no circumstances are these figures cited to criticize these good people. On the contrary, they show a commendable willingness and desire to make sacrifices for education.

Speaker Roxas told you of the supreme sacrifices his people are willing to make, in fact, "to live as the people in that part of the world live." Of course we admire their willingness to make such sacrifices but seriously question its wisdom. But will the American people want them to make such sacrifices, to go back to the general level of the Orient? After charting for them a course and helping them start on western social, political, and economic standards, will that satisfy the mark we set for ourselves in this self-imposed undertaking of building up a nation? If our goal for Filipino standards was not above that of the Orient, then why did we remain there?

If by premature near-by independence we are to set back the Filipino people 20 years, and that is what we would do, if thereby we are to tear down the very standards of living we ourselves built up, and we would, then why did we send hundreds of thousands of soldiers and civilians over there, thousands of them sacrificing their all? As though that were not enough, it is now proposed to sacrifice the Filipinos. And to what purpose? To relieve oppression and exploitation? There is no oppression or exploitation. To relieve taxation? No, but to impose it. A new type of liberator has come. The liberator for taxation only. For selfish purposes, worse still, for reasons intentionally and grossly exaggerated, these liberators would wreck the very edifice we remained in the Philippines 32 years to partially construct, the edifice which cost thousands of American lives. We have no right to abandon the purposes for which those sacrifices were made. Liberty, independence, yes, but at such a time as it wil be a blessing and not a misfortune to the Filipino people.

When these well-meaning and deserving Filipinos now devote 25½ per cent of all their insular, provincial, and municipal revenues to school purposes, and when that amounts to only \$1 per capita, will Congress and the American people feel that we have completed our duty by these people and are justified, for selfish purposes, to leave, and in doing so wreck their economic structure so that they can not give even \$1 per capita for education?

When reduced to its real hideousness, over the years to come, it is condemning millions of Filipino children to the degradation of illiteracy and millions more to unitmely graves. And all for an even doubtful loss of a few paltry American dollars! Great, generous America! Shall we allow these selfish interests to put a new stamp on American character? Shall we admit America's heart has slipped down into her pocketbook? We venture that if all this were brought home to him there is not in this big, broad, generous land a single dairyman or cottonseed or sugar grower who would want this Congress to pass a bill of selfishness. The nobler the motives the author of the King bill may have, perhaps the more he will dislike his measure to succeed by virtue of selfish assistance.

On November 26, 1929, on the occasion of a Philippine independence bill just introduced in Congress, the St. Paul Pioneer-Press set forth in an admirable editorial what we believe to be the real intention and heart of the farmers of America. It said in part:

" * * * * There may be good reasons to set the Philippine Islands free at this time, but a mere desire to put a tariff on coconut oil and copra is most definitely not sufficient. * * * America did not go into the Philippines 30 years ago for glory of empire, for self-aggrandizement, for its own material enrichment, or for any other selfish purpose. * * * Whether America has yet discharged its obligation to the Filipinos is something to be decided on its own merits and apart from any selfish advantages to be gained by cutting them loose to fare for themselves as best they may. * * * To leave the Philippines without having discharged our national obligation to the native people would be damaging to the statesmanship and good faith of the American Gov-

ernment. The sole test must be, not the convenience or profits of the American people, but the readiness of the Filipinos for complete self-government, their political and economic ability to stand alone, their power of maintaining independent nationhood once it has been attained. * * * Agriculture must bring to bear on national issues that same broad point of view it has demanded of others. To set the Philippines free for no other reason than to exclude copra and coconut oil from these markets would be a betrayal of national duty."

WHAT SHALL WE DO ABOUT THE PHILIPPINES?

The Timberlake resolution provided for a restriction on the amount of Philippine products that could come into the United States free of duty, but provided for no corresponding restriction on American products going free of duty into the Philippines. This, of course, was a vintage of colonial exploitation dumped overboard at the Boston tea party.

Another plan was to tax Philippine products coming here and turning over to the Philippine government all the revenues so collected. This is bribing the Philippine government to stand by and see its industries ruined. Infant mortality overtook that plan.

Tariff autonomy has been proposed of late. It is a 50 per cent improvement over the Timberlake resolution. We have seen no copy of it, but understand it permits the Philippines and the United States to levy their fully duty on each other's products, but we are to continue our sovereignty over the islands. Were Congress to adopt this plan, it would be a frank admission that the controlling motive back of our legislation for the Philippines is not their highest welfare but our opportunity to tax them; in short, our welfare and not theirs. We had no right to ask thousands of Americans to lay down their lives in the Philippines for nothing more than that.

We now have the bill (S. 3279) introduced by the distinguished Senator from Michigan. It contains unmistakable evidence that taxation of Philippine products is its principal purpose. So far as Philippine sugar is concerned, it might as well give the islands independence in two years. Are we not just a little too apparent and keen for the sacrifice of the Philippines? But, even considering only the economic aspects, we have seen only assertions but no proof that domestic sugar and oleaginous products are injured by Philippine products. We are, therefore, amazed at this rush for independence and termination of reciprocal free trade and almost chagrined that Cuba's sugar millionaires are to continue enjoying a preferential on their three to four million tons coming here, but not even a suggestion is forthcoming of a God-bless-you-and-goodbye preferential for a single ton of sugar of the small fellows of the Philippines.

The distinguished Senator from Michigan said the Weeks or Fairfield plan did not "permit this Philippine commonwealth a fair opportunity to fit itself during the probationary period into the protected markets of the world." Surely the Vandenberg bill does this far less than the Weeks plan. The latter gives the Philippines 25 years to prepare for the worst, while the Vandenberg bill puts the worst on them after only 8 years, and, in fact, enough on them after 2 years to paralyze, at least, the sugar industry. This is far too short a time for a nation to adjust itself.

The distinguished Senator from Michigan wishes a probationary period of 10 years to see, after we have added tariff burdens by rapid-fire degrees on them, whether their structure "can permanently stand." He wants no guesswork. In that we are agreed. But, does the architect first build his edifice to see if it will stand or collapse, or, with well-established, well-proven facts, will he figure out in advance whether it will stand or collapse? Let us use facts and figures to prove in advance that the edifice the Senator proposes to erect is doomed from the start to collapse.

In the absence of any thorough scientific survey of cost of producing sugar in the Philippines, naturally there is a wide range of estimates—from 3 cents to 3.66 c. i. f. New York. We shall take for our purposes less than the average in order to be on the safe side, and therefore use 3.25. Cuba's c. i. f. New York cost is generally conceded to be 1.85. The following table will show the effect of applying the Vandenberg bill:

Effects of Vandenberg bill

	Duty	C. i. f. New York cost	C. i. f. New York plus duty
Third and fourth years:			
Philippine Islands.....	0.55	3.25	3.80
Cuba.....	1.76	1.85	3.61
Fifth and sixth years:			
Philippine Islands.....	1.10	3.25	4.35
Cuba.....	1.76	1.85	3.61
Seventh and eighth years:			
Philippine Islands.....	1.65	3.25	4.90
Cuba.....	1.76	1.85	3.61
Ninth year and after:			
Philippine Islands.....	2.20	3.25	5.45
Cuba.....	1.76	1.85	3.61

It is quite apparent that after the second year under the Vandenberg bill not a ton of Philippine sugar could get into this market against Cuba, which would have no trouble, out of her 2,000,000 tons surplus, replacing the 600,000 tons Philippine sugar now coming here. That would be the end, in two years, of Philippine sugar in this market. The Senator's structure has collapsed.

The other plan offered is complete and immediate independence. That has at least the virtue of being logical. We have no quarrel with it except as to when it is to take place, how, and the motive of the great impetus now back of that plan. We would be opposed to it even with no selfishness back of it because it is not for the best interests of the Philippines. Our objections to this plan appear under the caption "What Early Independence Means for the Philippines."

We respectfully submit the following plan: That the American Government, by the most solemn act possible, pledge on its honor to maintain for 30 years its sovereignty over the Philippines and reciprocal free trade with them, leaving the determination of our ultimate relations with the islands to the wisdom and fairness of the American people 30 years from now. We do not believe in tying the hands of our people as to what they shall do 30 years hence under conditions we can not to-day foresee. Meanwhile, by stages, we could advance the Filipino people nearer and nearer to complete self-government. To unconditionally promise independence at the end of 30 years or any other definite period is a serious mistake. It would have a demoralizing effect on any people to have independence automatically forthcoming at a certain time without their doing anything to earn it.

Witnesses appearing before this committee quote voluminous pronouncements of Presidents and near presidents on our relations to the Philippines, and plead for justice, for independence of the Philippines, and to what purpose? That we may tax them. They admit that if to-day we could tax the Philippines they would not be interested in independence. With the fervor of a liberator they plead for Philippine independence, but Senator Johnson caught them with a tax bill in their pocket. They cited the analogy of England and her American colonies. What an analogy! England held us so she could tax us. These liberators would cast off the Philippines so we can tax them. That is their analogy.

Our 30-year plan provides for sovereignty and no taxation. The tariff autonomy plan provides for sovereignty and taxation. The Vandenberg bill provides for vanishing sovereignty and increasing taxation. If we must tax them, then let us be logical and give them their independence.

We do not want to see independence opposed on the selfish ground of what American products might be shut out of the Philippine market any more than we want to see it urged on the selfish ground of shutting Philippine products out of our market. If our opposition to Philippine independence were selfish we would be opposed to it now or at any other time, which we are not. We are opposed only to premature independence. If this brief does not prove that early independence is injurious to the highest welfare of the Filipino people, then, we say, give them immediate and complete independence.

The Filipinos have jockeyed themselves into a position where to-day independence is about their only political issue. To definitely take this independence issue out of Philippine politics will be a blessing and welcomed by many

Filipinos. Our 30-year plan will cut that Gordian knot for them. Thereafter they will have to devote their energies to other issues—to the upbuilding of their social and economic structure. Cuban and domestic sugar interests took advantage of that very situation for years. They aided and abetted it, resulting in economic stagnation. The 30-year plan destroys their happy hunting ground. No longer can they palsy Philippine industry by dangling the sword of uncertainty over it.

We wish to consider the 30-year plan under two heads: (1) Political, (2) social and economic.

(1) *Political*.—Twenty-three years ago the Filipinos had their first assembly, 14 years ago their first senate. The governor, the vice governor, the auditor, the majority of the supreme court, and some judges of first instance are still American. In this Philippine government enterprise, up to now, while the personnel is almost entirely Filipino, we must not forget the manager and a few key assistants are still Americans. Under American sovereignty, for the first and only time in history, the Filipinos even assisted or participated in their own government. Roughly, 25 years of limited experience! Compare that with our own Anglo-Saxon centuries of training in self-government. The genius of self-government comes not like poetry. It is acquired by years of education and actual experience. This observation is no reflection on these good Filipino people. It would be true of any people. Even if they could establish and maintain as stable a government as prevails throughout the Far East, is that the index of our ideas of what we stayed in the Philippines 32 years to do for these wards?

With such a history as theirs back of them, and with such a tremendous swing of the pendulum in a brief 32 years, one must not be surprised at the ambitious Filipinos now asking for complete independence. They may be intoxicated with their new experience, but we must not lose our heads about it. The entire responsibility rests on us and not on them. But 32 years is a brief period in the growth of a nation. Rather than take the plunge at sudden and complete independence, with rocks unquestionably before them, were it not better for them, even politically, to be advanced sooner or later another stage toward complete self-government and become accustomed to that increased responsibility? That has been our policy heretofore. Were it not better that they experience another period under increased autonomy and thus bring themselves, perhaps more slowly, but more securely, to their goal? We are responsible for any misfortunes which premature independence might cause, and prudence, therefore, warns us to go slow, lest by going too fast we set them back more than the additional 30 years of further experience under greater autonomy. As Senator Vandenberg told the Senate a few days ago, "the surest plan in the long run will be the speediest." Meanwhile let them grow stronger economically that they may more easily stand the additional financial strain attending a new and independent government. Whether a committing promise of ultimate independence was ever made or not, we shall, in any case, at least have lived up to the spirit and intent of the American people to prepare the Filipinos for self-government. No promise of independence expressed, implied, or imagined calls on us to go faster and further than this, and, in fact, our full duty to the real welfare of the Filipino people calls for a halt here.

(2) What will be the advantages socially and economically of a 30-year certainty of continuance of American sovereignty over the Philippines with reciprocal free trade?

We have shown elsewhere the dire effects of near-by independence economically and socially. This 30-year period will avoid practically all of that. The sugar interests can no longer hoist the flag of uncertainty and rout Philippine industry as they have done for several years. With this stability Philippine and American capital will not hesitate to undertake investments, as 30 years is long enough for it to take a chance. A shorter time will cause a long period of stagnation and will not attract capital, because, as shown previously, development is slower in the Orient than here. That this 30-year period of certainty will bring social and economic progress is so apparent that we shall not even dwell on it.

But the natural question arising in all minds is: Will the Philippines be any better able 30 years hence than they are to-day to stand independence without a social and economic shock? We contend they will. This committee has been told that the longer we stay in the islands the harder it will be to get away. That is wrong. Let us take our own country. Over a considerable period of protection in our home market we were able to build up strong

industries. These strong industries were able to increase our annual exports in 15 years from 1913, the last year before the Great War, to 1928 by \$2,644,000,000, or 106 per cent, in the face of world competition. Weak industries could not have done that. The American market is, in reality, the home market for the Philippines. During those same 15 years the Philippines increased their total exports 224 per cent, but increased their exports to the protected or American home market 600 per cent, and to the unprotected markets of the world only 27 per cent. This shows, clearly, how dependent they are as yet on our market. In fact, without it their industries can not grow strong as did our own American industries. Thus, while the strong industries of the United States could increase their exports to the world in general by 106 per cent, the as yet feeble industries of the Philippines increased their exports to the world other than to the United States only 27 per cent. Will the advocates of Philippine independence claim, in the face of that, that we have brought the Philippines far enough along the road to economic progress to kick them out to shift for themselves? That would be launching a new nation crippled from the start. Immediately after the Great War it was generally believed that America could not even hold her own in the markets of the world against the products of war-impoorer, cheap labor of Europe. But our industries, meanwhile having grown strong at home, not only withstood Europe's cheap labor, but even outdistanced it in the markets of the world, and raised wages while doing so. Give the Philippines a chance, and 30 years hence they also can take care of themselves. Better management, better methods of agriculture, far better financing (no more 12 per cent money), better transportation, better marketing, all these during the next 30 years will, to a very great extent, reduce the amount the Philippines would have to cut wages to-day in order to reduce costs of production to where they can compete in the markets of the world. We started there the greatest experiment ever undertaken of education in the Tropics. It is just getting well started. Those people are being educated far beyond those of neighboring countries. Let us give them time to become accustomed to applying their improving education to the end that they have more intelligent management, higher efficiency, and this in 30 years will enable them to largely offset the low standard of wages of competing countries just as we have done. Higher intelligence versus low standards! Give the Filipino people time to cash in on the sacrifices they are making for education. Let us not destroy that great experiment—that less than half-finished task. America may then take a just pride in an undertaking brought to fruition, instead of having raised in vain their standard of living. They will then hold their own in the markets of the world without having "to live as the people in that part of the world live." Their standard of living would not be smashed as it would be to-day by near-by independence. This is a tremendous social factor.

Instead of independence to shut out of this country the Filipinos as well as their products, assure them this 30-year period and real development will set in, prosperity will follow, and they will remain at home. It is pressure of population, economic pressure, which impelled Chinese, Japanese, and all Orientals to come here. It is not pressure of population which sends the Filipinos here. Note the following population per square mile:

Continental United States	40
Philippines	104
Korea	229
Formosa	283
Japan proper	405

It is only economic pressure. There is no rush of immigrants here from Argentine or similar countries where there is prosperity and no population pressure. No doubt a gentleman's agreement would be ample, at once, to halt what comparatively few Filipinos come here now. Let us repeat, give them the prosperity the 30-year plan will call forth and they will remain at home.

Not alone is the 30-year period essential for the industries to grow stronger, but, what is almost equally important, is the warning of what is to happen long enough in advance, so that the readjustment may be done orderly and not turn into a rout. Forewarned, forearmed. Knowing definitely when the period of free access to our markets may terminate, and having plenty of time to adjust themselves in an orderly way to coming new conditions, industries will have the sense of preparedness to do so. Sudden independence and severance of reciprocal free trade would leave these people floundering, for years to come,

in an economic quagmire. Knowing how difficult it would be to find a market at the termination of the 30-year period for their sugar, they would probably considerably reduce their present production and surely would not materially increase it. The same may be said of coconut oil. By the 30-year plan they could gradually develop new markets and even new industries. They could gradually develop more mining, rubber, pineapple, coffee, tea, and many other minor tropical products, not one of which competes with American products, whether agricultural or manufactured. In fact, it is conceivable that when conditions are better understood, the United States will be glad to get from the Philippine products even like sugar and oil complained of today.

By the 30-year plan every man, woman, and child in the islands has ample warning of what may take place at a definite time. If they do not adjust themselves accordingly, they have only themselves to blame. A 10, 15, or 20 year period is woefully inadequate. Thirty years will let us out with clean hands. The blame of all the misfortunes following in the wake of nearby independence would unquestionably fall on our shoulders. Do we want to risk taking that blame when it can be avoided, and honorably avoided? Whatever the competition from Philippine products may be during the next 30 years (and they are grossly exaggerated to-day) it would be as nothing compared with the chagrin, the humiliation of having, for selfish purposes, prematurely kicked out the Philippines, to their economic and social relapse for years to come. The 30-year plan is fair to the Filipinos, Americans, and all. Anything less than that is fair to none.

It seems perfectly clear to us, therefore, that so far as industry is concerned, the 30-year plan is by far the best way to reduce the shock of independence and abolition of free trade when it comes. That being the case, it follows that the government's revenues will also receive a lighter shock, and it likewise follows that the social life of the people, their standards of living, will also be kept up far above what it would be with nearby independence. If Congress wishes to give these islands independence, it stands to reason it could do so with far less of a shock after 30 years of prosperity than after years of depression.

The question will be asked, Why the 30-year period and not 25 or 20 years? While we are not concerned over the safety of the outstanding bonds of the Philippines, nevertheless the holders of those bonds may be. A 30-year period will allow all the bonds now outstanding, and for which the United States is morally responsible, to mature. Moreover, any new bonds to be issued will be purchased with a full knowledge of what may happen 30 years hence.

Speaker Roxas told this committee of the advantages of a period of readjustment and continuance of free trade with the United States in the event of independence. We fear he contemplates far too short a period for the best interests of his people. He told you that "those industries which could be profitably operated without the need of tariff differentials would be stimulated." That is one of the greatest dangers in expecting this readjustment to be reasonably successful in a short period such as 10, 15, or even 20 years. Every producer of sugar and coconut oil would, from the beginning, know his industry would be paralyzed by the abolition of free trade. Their first impulse would be to turn to abaca (hemp), which even now is on our free list. Moreover, that is a product growing in most every part of the islands and is easily raised. Sooner or later there would be overproduction of abaca; prices would decline and thus the whole economic structure collapse. They should develop industries not as yet developed to any considerable extent, such as mining, coffee, rubber, cocoa, spices, pineapples, fisheries, tea, silk, nuts, and many others. It takes time to build up these industries as yet hardly even started. Meanwhile, during the period of transition, the starting and developing of new industries, the country can be kept reasonably prosperous by the continuance of free trade with us. The islands will need a 30-year transition period, for the same reason, except more so, that our American industries are far better able to-day to meet world competition than they were 30 or 50 years ago. Thirty years may be some above the business cycle in America, but it should be no less in the Philippines. In fact, it should be much longer for the Orient, where things move slower than they do here. Aside from that, for example, it takes a coffee tree 3 to 5 years to bear, and a rubber tree 7 to 9 years, and the yield in all cases is light for another 3 or 4 years. Even under the 30-year plan, this leaves roughly only about 20 years for an investor to recover even his original investment, to say nothing of interest on his money for years and a reasonable profit. Less than 30 years would not be attractive for capital.

Their industries would not grow strong as they should, if we want them to have a fair fighting chance in the world markets and without a social collapse.

It may be advanced, against the 30-year period that a succeeding Congress has the right to rescind it. True, but it wouldn't. After thousands of Filipinos and Americans and others had invested their money and made their plans on a definite, specific basis, about which there could be no difference of opinion, on the clear-cut basis of the continuance of American sovereignty and reciprocal free trade until, say, January 1, 1960, no Congress would dare leave those people in the lurch.

CONCLUSION

We believe we have proven that Philippine sugar absolutely does no injury to our domestic sugar. We believe that, everything considered, Philippine coconut oil is probably a benefit and not a detriment to the American farmer. Philippine independence means a loss of our exports both manufactured and agricultural in about equal quantities, but let all that be as it may, our position is that Philippine independence should be granted or denied solely on whether or not it is for the highest welfare of the Filipino people. If we have not proven that near-by independence is harmful to the best interests of the Filipino people, then, so far as we are concerned, give them complete and immediate independence.

Of all the Americans who know the islands from residence and experience there, whether they ever had a dollar at stake there or not, Democrats and Republicans alike, not 1 per cent of them will claim that near-by independence is for the best welfare of the Filipino people. Since probably not over 5 per cent of the Members of Congress have ever seen the Philippines, will Congress wish to take the responsibility of believing these thousands of Americans are wrong and grant near-by independence in the face of those opposing views? We believe the opinions of these thousands of Americans are too unanimous to be wrong.

We took the Philippines from Spain, held them in the beginning against the will of the Filipino people, administered them for 32 years, avowedly for their social, economic, and political upbuilding; in short, for their welfare and not our gain. Now, when we are barely started on that self-imposed task, we are asked to throw down our tools and walk off the job because some think we are losing money on the contract. Stripped of all pretense, all camouflage, the cold facts are that is what we are asked to do and that is the main reason. After all our 30 years of profession of high-minded altruism toward them, can we do this and again look the Filipinos in the face? Speaker Roxas made the following statement to this committee:

"This period of readjustment could be granted without injuring appreciably the interests of domestic producers. However, the Filipinos feel that they are not at liberty to request this concession. Whether it should be approved or not is a matter which should address itself to the sense of justice of the American people and to their earnest desire nobly to complete their task in the Philippines."

What commendable and skillful tact! Without asking any favor, here, in reality, is the heart of the Philippines challenging the heart of America. Shall we lay down our tools and walk off the job? Will the highest welfare of the Filipino people no longer "address itself to the sense of justice of the American people and to their earnest desire nobly to complete their task in the Philippines"?

Already considerable portions of mankind look on us as the "money bags of the world." Of course that is previously unfair, but too much has been said already before committees of Congress and on the floor of both Houses to leave the slightest doubt that the pressure for Philippine independence to-day is for economic reasons. The press of the country thinks so. Soon the world will think so. Under these circumstances shall we, by near-by independence, deliberately put in our critics' hands conclusive proof of their charge? Is an act of Congress, with such a parentage, representative of the heart of this Nation, which in the past nine years has remitted on its foreign loans, principal and interest, about \$5,000,000,000? Is such an act representative of the generous heart of the American people who in the past nine years, since 1921, have given to philanthropy almost \$19,000,000,000? Is such an act representative of the world-wide sympathies of the American people who in the past nine years have given to the relief and upbuilding of foreign people \$1,600,000,000?

EXHIBIT A

Part 4, Lobby Investigation Hearings, page 1505, December 10, 1929:

" Senator WALSH of Montana. You say in the letter (Mr. Lakin to Czar-nikow-Rionda Co.) as follows:

" 'My notion is that we could secretly put some such plan up to Smoot, Petrikian, and Carlton, and get them to thinking in terms of protection against not only the Philippines, but also Hawaii and Porto Rico. Meantime, of course, our technical defense before the Ways and Means Committee would proceed, as if no such plan were in contemplation. It seems to be that secrecy is important, if the plan has any merit.'

" What plan was that?

" Mr. LAKIN. That was a plan I worked out for an excise tax on refining sugar.

" Senator WALSH of Montana. What was the trouble with that plan?

" Mr. LAKIN. We couldn't find any way to protect the Louisiana interests. I submitted a copy of the plan to Senator Smoot."

EXHIBIT B

Page 1571, part 4, Lobby Investigation Hearings, the Cuban plan for sugar tariff is set forth as follows:

" Senator WALSH of Montana. Another letter to Hayden from you (Mr. Lakin), of date February 9, 1929, as follows:

" 'I have just received the following telegram from Shattuck:

" 'Wish you would consider following modification of your last plan:

" 'First. Change tariff to 3 cents full duty.

" 'Second. Amend treaty giving Cuba 50 per cent preferential on 2,400,000 tons, with proviso that beginning 1930 Cuba may increase amount bearing preferential proportionately with other domestic regions on increased consumption.

" 'Third. Limit Philippine free sugar to 500,000, balance full duty.' "

EXHIBIT C

Page 391, part 1 of the Lobby Investigation Hearings:

" Senator WALSH of Montana. Now, it has been advanced, Mr. Lakin—and I want your views about that—it has been advanced that if the duty is raised to 2.40, the domestic producers will raise their price so that they get the full benefit of the duty, 2.40, and you will raise your price to their level, and that consequently it is a matter of no consequence to you at all how high the duty is.

" Mr. LAKIN. Yes; I know there is that argument.

" Senator WALSH of Montana. What have you to say about that?

" Mr. LAKIN. The answer to that seems to me to be that an increase in the duty will result in a further expansion of the making of sugar in the insular possessions and therefore will gradually reduce the amount of sugar, the proportion which Cuba can sell in the United States market * * *

" Senator WALSH of Montana. So that really all you are afraid of is the growth of the industry in the insular possessions and not in continental United States?

" Mr. LAKIN. That is the chief thing I am afraid of * * *."

EXHIBIT D

Part 4, Lobby Investigation Hearings, page 1699:

" Senator WALSH of Montana. Another letter from you (Mr. Lakin) to Colonel Tarafa, under date of April 16, 1929, as follows:

" * * * The committee does not yet know what report to make to Congress next week. I think that probably at the last the committee will recommend a full duty of 3 cents which would mean 2.40, against Cuban sugar. On the whole, we would rather prefer this while our negotiations with Senator Smoot are being

conducted. He stated to Shattuck yesterday that if he can succeed in limiting the Philippine importations, he can reach an agreement in regard to Cuba in five minutes * * *.

" Senator WALSH of Montana. How was it that you preferred that the House committee report a 3-cent duty?

" Mr. LAKIN. Well, I thought if it should be a little less it would be harder to carry on our publicity campaign.

" Senator WALSH of Montana. That is, if they were going to make it against you, you would be delighted to have them make it as bad as possible?

" Mr. LAKIN. Yes."

(Mr. Lakin contradicts this in Exhibits B and C.)

EXHIBIT E

Page 1704, part 4, Lobby Investigation Hearings:

" Senator WALSH of Montana. A letter of April 27, 1929, from you (Mr. Lankin) to Tarafa:

" Strictly for your private information, and not to be repeated, Smoot's ambition to-day is as follows:

" To limit the Philippines. This he thinks he can do in spite of Secretary Stimson's argument. Shattuck and I are doing everything we can to help him.

" (2) Prohibit the importation of cane from Santo Domingo to Porto Rico. Smoot thinks this would be easy.

" (3) Obtain some increase in the basic duty against Cuba, but offset it by an increased preferential over full-duty sugars, in proportion as Cuba controls her sales and thereby improves prices. We are endeavoring not to have this plan presented or even discussed in the House of Representatives. Senator Smoot's present idea is that it ought not even be discussed in the Senate until at the very last moment."

EXHIBIT F

Part 5, pages 1855-56, Lobby Investigation Hearings:

" Senator WALSH of Montana. Well let us see about that. What difference does it make to you how high the tariff is?

" Mr. PIKE. As you put the tariff up you make an already tremendously profitable business behind a tariff wall, still more profitable. If you put the tariff wall high enough—

" Senator WALSH of Montana. What difference does it make to you whether the existing beet-sugar factories in the United States make a profit or do not made a profit?

" Mr. PIKE. That is what I am telling you. If you put the tariff wall high enough you are going to increase production, not of the beet factories, necessarily, but production back of that tariff wall to a point where Cuba's production of sugar will be reduced to the absolute minimum.

" Senator WALSH of Montana. I understand perfectly now.

" Mr. PIKE. And when you reduce the Cuban production of sugar you reduce the opportunity of my firm to do a sugar business, because we are doing a Cuban sugar business.

" Senator WALSH of Montana. I understand now. That is, as far as the present factories are concerned, it is a matter of no consequence to you at all whether the tariff is high or whether it is low, but what you are afraid of is that the business will expand in the United States?

" Mr. PIKE. No, sir. I know that it will not expand in the United States. It will expand in the island dependencies. It will expand in the Philippines, Porto Rico, and Hawaii, but the United States business has been running along for the past seven years with a tariff one-half cent higher, according to our own Government figures, than is necessary, and it has not expanded. Mr. Lippitt—

" Senator WALSH of Montana. So, you are not alarmed about any further expansion in continental United States? What you are afraid of is expansion in the island possessions?

"Mr. PIKE. Yes; that is true.

"Senator WALSH of Montana. That is your interest in the thing?

"Mr. PIKE. And, furthermore, if you will look up the records you will find that a man who is thoroughly conversant with the beet situation, Mr. Lippitt, is on record as having said that the beet growing in the United States can not expand materially, and I do not think there is anybody better informed than Mr. Lippitt on that subject.

"Senator WALSH of Montana. So, that all you are troubled about is expansion in the island possessions.

"Mr. PIKE. I am naturally troubled about any expansion which is going to hurt the Cuban production.

"Senator WALSH of Montana. Exactly, and you do not contemplate any expansion in continental United States, and accordingly what you are afraid of is expansion in the island possessions.

"Mr. PIKE. That is approximately it. Naturally, Senator, if you put the tariff to an unreasonable point, you get eventually the tariff to the point where you could grow beets in any place in the United States, or cane in some other place, a wholly uneconomic industry."

A SQUARE DEAL FOR THE PHILIPPINE ISLANDS

(By John M. Switzer, based upon his testimony before the Ways and Means Committee of the House of Representative February 25, 1929, with additions and amendments. Published by Philippine-American Chamber of Commerce (Inc.), New York, N. Y.)

The author of this pamphlet, Mr. John M. Switzer, by virtue of his long residence and experience in the Philippine Islands, is notably qualified to deal with every phase of the present economic and political situation, which constitutes not only a crisis in the economic fate of our oriental territory but also in the policy of our Government toward its wards.

Mr. Switzer went to the Philippines with our Army in 1898. After the revolution was over he engaged in business there, and during the 21 years which elapsed before he returned home for permanent residence, he acquired an unrivaled knowledge of Philippine affairs. When he retired from active business he was the president of the largest commercial enterprise operating in the islands. He was also president of the Philippine-American Chamber of Commerce for the past two years. Through these connections, as well as his personal contacts, he has kept himself informed and retained an interest in Philippine matters, and has during the past seven years taken a prominent part in the consideration and discussion of all matters connected with them.

He is therefore eminently qualified as a seasoned expert, and on this account the statements in the following pages are offered to the public with the assurance of authority and correctness respecting the facts and opinions advanced.

STATEMENT OF JOHN M. SWITZER, NEW YORK CITY, BEFORE WAYS AND MEANS COMMITTEE, FEBRUARY 25, 1929, WITH SOME ADDITIONS AND CORRECTIONS

While commercial and other organizations in the United States and the Philippines have asked me to help oppose the Timberlake resolution, nevertheless, by choice, I am here on my own.

I went to the Philippines in the first military expedition in 1898, entered business there and for some years was president of the largest mercantile firm in the islands. I had a very great deal to do with starting the Calamba Sugar Estate and Pampanga Sugar Mills, two of the first large sugar centrals in the islands. I was one of the original organizers of the American Rubber Estates, perhaps the most successful rubber company in the islands. My firm was a leader in introducing modern machinery of all kinds in the islands. Although I left the islands in 1919 I have continued a keen interest in their social, political, and economic welfare.

My statement, I believe, expresses the almost unanimous views of Americans in the islands, and of those who at one time have been there.

INTRODUCTION

Our position is that the welfare of our continental United States beet and cane sugar producers is the first consideration. We believe that, based on reliable costs of production, there should be a tariff which will enable those home growers to produce and sell sugar at a reasonable profit. We would give Cuba a preferential, but only to the degree that continental sugar may make a reasonable profit. We are opposed to any restriction or limitation, whatsoever, of free trade between the United States and any of her possessions. We believe it unbecoming, to say the least, to put the United States in the light of quibbling over nice technical legal distinctions between our various possessions and territories. It is manifestly unfair to treat one territory or possession less liberally than another. Our moral obligations are the same to all.

HISTORY OF OUR TRADE RELATIONS WITH THE PHILIPPINES

The February 6, 1899, treaty of Paris with Spain, by which we acquired the Philippines, provided that for 10 years from date of treaty, Spanish ships and merchandise going to the Philippines should be admitted on the same terms as ships and merchandise from the United States. From the very beginning, that complicated our trade relations with the Philippines. We could not have reciprocal free trade between the United States and the Philippines because that would have admitted Spanish goods and ships into the Philippines without payment of duty. This would have deprived the Philippines of a very great source of revenue. To have admitted Philippine goods free of duty into the United States without, in turn, admitting American goods free of duty into the Philippines would have been manifestly unfair to the United States. However, even in the face of this situation, in its desire to be helpful to the Philippines, Congress, as early as 1902, passed an act permitting Philippine products to enter the United States by paying only 75 per cent of the regular duty. Let it be remembered that at the same time, on our goods entering the Philippines, we continued paying the full duty, the same as Spanish goods paid until the expiration of the 10-year agreement with Spain. This shows clearly how Congress from the beginning has recognized its moral obligations to the Philippines. In all probability, had it not been for the above-mentioned provision in the treaty with Spain, we would have had reciprocal free trade with the Philippines from the beginning of American sovereignty over those islands.

The tariff concession of permitting Philippine goods to enter the United States on paying 75 per cent of the regular duty was of so little practical benefit to the islands that the Philippine Commission and several Secretaries of War and Presidents urged a more liberal treatment, in fact a payment of only 25 per cent of our regular tariff. In 1905 an effort was made to pass an act to that effect, and the majority report of the Ways and Means Committee stated the following:

"The only logical result from our possession of the Philippine Islands is free trade between the islands and the rest of the United States. It is definitely settled that we retain them until the people are prepared for self-government. To bring about this will require at least a generation. The question of their final disposition must be postponed for many years. In the meantime they are wards of the United States, a part of our common country, and we are entitled to fair trade relations. It is now as much our 'plain duty' to give them free trade as soon as practicable as it was in the case of Porto Rico.

"It would be manifestly unjust, however, to give them free access to our markets while they collect the same rate of duty upon articles imported from the States that they do upon articles coming from the rest of the world. The free entry of our products into the Philippine Islands is impracticable at the present time. The treaty of Paris provides that Spain shall have the same advantage in tariff duties on exports to the Philippine Islands that the United States receives for a period of 10 years. This treaty stipulation expires by its own limitation in January, 1900. Until that time we can not give our products free entry into the Philippine Islands without giving the same privilege to Spain. Such a measure would greatly cripple the revenues of the Philippine Islands."

The minority report at that time went even further, reading as follows:

"That all articles the growth and product of the Philippine Archipelago coming into the United States from the Philippine Archipelago shall hereafter be admitted free of duty."

While neither majority nor minority report was adopted, it clearly shows how, regardless of United States products paying full duty going into the Philippines, the Ways and Means Committee majority favored Philippine products paying only 25 per cent of our tariff, and the minority favored paying none at all. From these two reports above quoted it will be seen that from the beginning they took a broad, high-minded view, which the Timberlake resolution now violates.

In 1909, at the expiration of the 10-year agreement with Spain, Congress provided for free trade between the Philippines and the United States, with the exception of sugar above 300,000 tons annually, and rice and certain amounts of tobacco and cigars. The exclusion of Philippine rice to satisfy American rice growers was a joke, because never in the history of the Philippines, before or since then, was rice exported from the Philippines. These limitations on sugar and tobacco were a compromise to satisfy people at that time interested in those two articles. These limitations in the 1909 tariff "were not placed there in accordance with any accepted principle or any definite policy, but simply to ease the passage of a tariff bill and to accord a certain relief to the Philippines."

It was manifestly unfair to the Philippines that there was no corresponding limitation on American products going into the Philippines. Therefore, in 1913, to correct this, and to place the United States, so far as trade relations were concerned, in the proper light with reference to the Philippines, both the majority and the minority of the Ways and Means Committee were for complete free trade, removing all restrictions, and the act then passed so provided. That has been the established policy toward the Philippines for 16 years since then, as shown by the fact that meanwhile two tariff bills have been enacted and no change was made. As the committee said in 1905:

"The only logical result from our possession of the Philippines is free trade between the islands and the rest of the United States."

We have recited this history because there is now pending in Congress the Timberlake resolution, which is a complete reversal of what was regarded as a fixed free-trade policy between the Philippines and the United States. Efforts are being made in Congress to make it appear that the restrictions of Philippine products in the past justify restrictions now. But the history of our trade relations, as above set forth, shows why those restrictions were made, and at no time were they regarded as our fixed policy.

After the wars of 1896-1903 the sugar industry in the Philippines was in a deplorable condition. The average annual total exports for the 10 years 1900-1909 were the lowest for any 10-year period back to 1860-1869. The American Government used every endeavor to encourage the rehabilitation of this industry, going so far as to pass an act by which private investments in sugar centrals would be guaranteed a reasonable income. Even this did not bring forth one central. As shown about, in 1909 Congress provided that 300,000 tons of Philippine sugar might come into the American market free of duty. In 1910 the first modern sugar central was built in the islands, and to this day it is in the hands of its creditors. Pages could be filled with the history of attempts made by the American Government and Americans generally to encourage the rehabilitation of the Philippine sugar industry. Of the 36 centrals now operating, 8 of the largest were built only because of the actual financial assistance of the Government under an American governor general. Five of these centrals are still heavily indebted to the banks.

In the face of all this, just as these centrals are beginning to get their heads above water, the Timberlake resolution proposes to shove their heads under again. To do this would be an unpardonable breach of faith. But that is not all of the proposal now pending before Congress. While it is proposed to limit the amount of sugar and other Philippine products coming into our market free of duty, they do not provide for a corresponding limitation on American goods going into the Philippines. Here is pure, unadulterated exploitation of a colony which is completely helpless in America's hands.

As a result of the Spanish-American War, Spain ceded to us the Philippines and relinquished her sovereignty over Cuba. We occupied Cuba, set up a government there, and then relinquished our sovereignty to that independent government. For 26 years we have had a reciprocity treaty with Cuba, by which each gives a preferential tariff to the products of the other. That treaty may be terminated by either party, giving the other 12 months' notice. Congress decides as it sees fit what the tariff relations between the United States

and the Philippines shall be, and how long it shall so continue. Our relations with the Philippines are thus fundamentally different from those with Cuba. Cuba can terminate what she considers unfair treatment from us, but the Philippines can not so protect themselves. They are helpless at the hands of Congress. This very power of Congress places on it a greater obligation than does a treaty which may be terminated on comparatively short notice by either party. That is why the American people and Congress have always taken pride in having used their great power with scrupulous fairness to the Filipino people. We are now faced with the question of whether or not selfish sugar interests will swerve the American people and Congress from their 30 years' policy toward the Philippines, which has brought us the commendation of the whole world, and which has set the highest standard of colonial administration. This Timberlake resolution asks us to turn back the pages of history and adopt to-day the worst forms of colonial exploitation of over a century ago. To do this, we know, violates every sense of fairness and the wishes of the American people. We appeal to every Member of Congress, to every individual citizen, and to every organization throughout the country, to use their influence against this effort to wipe out in one act our splendid 30 years' record of unselfish helpfulness and fairness to the Filipino people. If the above alone be not convincing, we offer the succeeding pages to show the selfish motives back of this movement and the efforts to mislead the American people by hiding behind the smoke screen of protecting the American sugar producers, when, in reality, the object is to help Cuban sugar interests at the expense of the Philippines.

INCREASE IN PHILIPPINE PRODUCTION OF SUGAR

According to the supporters of the Timberlake resolution appearing before this committee, their outstanding fear is what they call the sudden great increase of sugar production in the Philippines. To emphasize this, a mass of misinformation has been presented to this committee. It would take a large volume to correct and answer all of it. We shall cite some representative cases and show how unfair and misleading some of them are.

In Cuba's brief submitted to this committee by Mr. Lakin we find the following:

"In 1904 the Philippines produced 84,000 tons, whereas in 1928 it produced about 600,000 tons. Its increase in production has been 614 per cent."

We took the Philippines the latter part of 1898. During the six years 1899-1904 their average annual total exports amounted to 70,345 tons. These were the years immediately after their revolt against Spain in 1896, after the Spanish-American War in 1898, and actually during the revolution against us. Excepting the six war years just mentioned (1898-1904), Mr. Lakin must go back to 1873 before he finds so low a tonnage exportation as the year 1904, which he selected in order to show an exaggerated increase of 614 per cent to 1927. Had he taken the Philippine sugar exports in 1895, 9 years earlier, the peak in Spanish times, and just before the wars began, the increase in 32 years to 1927 would be only 62 per cent. Is it not fairer to take the years before than after six years of wars for comparison purposes? One table presented begins with 1901 for comparison with 1927. The years 1900-1902 are the lowest back to 1858.

Reference was made to an increase in production of 1,168 per cent, 1921-1927, while it was only 206 per cent. A member of this committee made the statement that a 1,000 per cent increase occurred 1909-1927. True; but that gives a wrong picture. What are the facts? The 10-year average annual total exports and exports to the United States of Philippine sugar for 1900-1909 were the lowest 10-year average since 1860-1869. This was due to three wars. The average annual importation of Philippine sugar into the United States for 10 years (1880-1889) was 102,954 tons, showing an increase of 400 per cent by 1927. Compare that increase over a period of 40 years with the so-called increase of 1,000 per cent in 18 years. The average annual total export of Philippine sugar for the 10 years 1880-1889 was 178,115 tons, which, compared with 1927, shows an increase of 206 per cent in 40 years. Moreover, if the cane of the eighties had been milled as in 1927, the total exports would show an increase of only 60 per cent in 40 years, and exports to the United States an increase of 155 per cent.

There are many other instances in the hearings, too numerous to mention, which give a misleading picture of the increase of Philippine sugar production.

So much has been told this committee of this increase that it will be interesting to note in the following table the increase during the same given period in other countries:

Countries	Production		Per cent calculated increase	Per cent actual increase	Per cent apparent increase
	1898	1927			
Philippines.....	1 294,402	656,720	17	230	123
Java.....	713,572	2,359,050	-----	230	-----
Hawaii.....	204,833	745,000	-----	263	-----
Cuba.....	1 662,330	4,508,521	-----	580	-----
Formosa.....	1 68,260	489,362	-----	617	-----
Porto Rico.....	53,999	596,000	-----	1,003	-----

¹ Average production 5 years (1893-1897).

² 1904.

Had Philippine cane in the five years 1893-1897 been milled by modern mills, as in the other countries, the increase to 1927 would have been only 17 per cent. But, even as it was, the increase by the Philippines during the past 29 years was the least of all, as shown by the above table. While the increased production has been 263 per cent by Hawaii, 580 per cent by Cuba, and 1,000 per cent by Porto Rico, yet, when a few belated modern mills go into the Philippines in the past 15 years and increase the production there 123 per cent, but in reality only 17 per cent, all the big sugar interests of Cuba, the United States and Hawaii join to throttle the Philippines.

The alarmists appearing before this committee would have us believe the production of Philippine sugar sprang up overnight to capture the American markets, while in fact it has been shipped here for over 100 years. The following table gives a fair picture of the exportation of Philippine sugar and shipments to the United States, by 10-year periods, for 77 years past:

Philippine sugar exports 1850-1927 by 10-year periods

Period	Average annual shipment to United States	Per cent of total sugar exports	Average annual total sugar exports
1850-1859.....	8,951	24.3	36,412
1860-1869.....	12,541	23.2	56,492
1870-1879.....	46,082	42.4	106,620
1880-1889.....	102,954	58.3	178,115
1890-1899.....	32,751	17.9	201,578
1900-1909.....	23,022	26	96,741
1910-1919.....	102,143	49.8	205,220
1920-1927 ¹	290,868	76.3	365,813

¹ 8 years.

The preceding table shows the average annual shipments to the United States by 10-year periods to have been more for 1880-1889, 40 years ago, than for any other decade except the present. Why, therefore, this sudden alarm?

This committee has been told that the Philippines should look to the Orient for their market for sugar. The Philippines are made to feel like an intruder for sending sugar here. But the United States was very glad during the 10 years, 1880-1889, to buy yearly an average of 103,000 long tons from the Philippines, taking over 58 per cent of the total sugar exported. Even during the 10 years 1870-1879 we took 42½ per cent of their total sugar.

The peak of exportation in Spanish times was 336,075 tons in 1895, just before the beginning of the seven years of wars, which started in 1896. Comparing that with 544,579 tons for 1927, we have a statistical and apparent increase of only 62 per cent in 32 years. Not until 1922 did the Philippines again export as much sugar as they did in 1895, 27 years before. This shows how slowly things move in the Philippines, how it took them 27 years to get back to the peak of production before the wars. They had had so many wars it took some years to realize they were over. It is clear what an unfair picture

it gives to compare 1927 with the lean years after their wars. A fair picture is to use for comparison the years before and not after the wars.

During the last five years of the Spanish régime (1893-1897) the average annual exportation of muscovado sugar, the only kind they then produced, was 245,192 tons. If, instead of making this muscovado sugar by the centuries-old mills it had been made by modern mills, there would have been about 90 per cent more sugar produced, and therefore the average annual tonnage the last five years of Spanish régime would have been 465,864 tons. Comparing this with the Philippine exportation of 1927, of 544,579 tons, we have an increase of only 78,715 tons, or a 17 per cent increase in 30-34 years. That is a fairer picture of the real situation. Compare that with the 1,000 per cent and 1,168 per cent increase mentioned before this committee! In over 30 years, to 1927, the Philippines have increased their acreage to cane only enough to produce the additional 78,715 tons. Even part of this 78,715 tons is due to improved agricultural methods. These are facts, and we ask the committee to take into consideration how misleading are such statements as above quoted from the Cuban brief and others.

The recent increase commenced roughly in the 1910-1919 decade, and for four main reasons:

First. Because of the recovery of the industry after seven years of wars (1896-1903). Philippine sugar is produced by small farmers. After seven years of war they were impoverished and discouraged. They did not rebuild their industry so quickly as did the high-powered big capitalists in Cuba and Porto Rico. The Philippine wars were over in 1903 and 1904, and it took about 10 years before recovery got well under way. Unless one understands this he is likely to be misled by the rather rapid increase in total exports from 1911 to the present.

Second. Because of the beginning of the introduction of modern sugar mills primarily and the adoption of better agricultural methods. In 1905 Mr. W. C. Welborn, chief of the bureau of agriculture, stated:

"The industry must begin, however, just where Cuba began 40 years ago and where Java began 50 years ago."

These modern mills did two things for the Philippines: (a) By better milling increased by almost 90 per cent the output of sugar from the same amount of cane as had been grown before, and without increasing the acreage to cane. (b) Made centrifugal sugar instead of muscovado sugar. The refiners in the United States gave considerable preference to centrifugal over muscovado sugar. As will be shown elsewhere this centrifugal sugar could not compete with Java in the markets of the Orient, and they naturally turned to the United States for a market.

Third. Impetus to production due to high prices during the Great War. During the five years 1910-1914, before the Great War, the average annual production was 160,277 tons, while the average annual production for 1915-1919, during and immediately after the Great War, was 248,840 tons, a 55 per cent increase.

Fourth. In 1909 Philippine sugar was granted free admission into the United States markets up to 300,000 tons.

That undoubtedly accelerated the coming of more mills. To this day by far more increase in sugar production in the Philippines is due to better milling than to increased acreage. Modern sugar mills produce about 90 per cent more sugar out of the same amount of cane than did the old mills. Modern mills milling cane where it has been grown, in many cases for over 100 years, have naturally brought about a rather quick increase of sugar production. That is the main cause of the sudden increase, and, unless that is understood, one is groping in the dark. The first modern sugar central began operating in the Philippines in 1911. It was merely a matter of financing and erecting modern mills. The cane was already there. We are, however, about finished with providing mills for the old cane-raising areas. Any enlargement of present mills or any new mills will come from now on almost entirely from opening up to cane land not heretofore devoted to that crop and to better agricultural methods. That will be a very much slower process than merely providing mills for areas long under cane. It will be extremely difficult for the average American who does not know the Orient to understand how slow that process will be.

In the first place, there are not over three or four sugar plantations of any considerable size in the islands. The land laws and the customs of the people see to that. By law, not over 2,529 acres of public lands may be bought by one company. While the law permits the purchase of any quantity of privately

owned land, the stone wall is that the owners will seldom sell. Their small farms have probably been owned by the same family for 100 years. Nowhere in the world do people love and cling more closely to the fields where they were born. Most of the wars with Spain grew out of these land affairs. One of the first things done by Governor Taft was to buy the Friar lands, the seat of trouble, and then sell them in small parcels, giving preference to the tenants already on them. The percentage of cane grown by mill owners is negligible. Philippine cane is in reality grown by small farmers, who are very slow to make any change in crops raised or agricultural methods used. The small farmer of the Philippines has been accustomed to planting and raising the certain crop and on the same land as his forefathers did, whether it be cane, rice, tobacco, coconuts, hemp, coffee, or something else. Seldom does any one farmer raise more than one kind of crop. He knows little about how to raise other kinds of crops and is not particularly interested. If he has never before raised cane, it will be a long and uncertain process to induce him to do so, even if cane pays better than what he now raises. Moreover, he is most reluctant to go elsewhere to new lands. The Filipino, like others of the Orient, is ultraconservative. Anywhere in the world, the small land owner changes slowly, but in the Orient, he changes by decades, not by years. That is why, once modern mills in the Philippines take care of the cane from lands long devoted to cane, and that time is practically here now, thereafter the increase of sugar will be much slower than it has been in the past 15 to 20 years. It will be very much slower than it was in Cuba, Porto Rico, and Hawaii, because in all those countries most of the land is owned in large tracts, mainly by foreign capital which is never slow to develop the land, or to change from one crop to another over night, if it pays. For a few years yet there still will be a relatively small increase of sugar production, due mainly to better agricultural methods and to gradually bringing to modern mills cane from old cane lands which as yet is being milled by the antiquated process. But after that the increase will be slower than anyone unacquainted with the Philippines would suppose. Statistics alone, showing the increased sugar production in the Philippines during the past few years, will give this committee or anyone unacquainted with the above facts, an entirely wrong understanding of the case. Without an understanding of the above fundamental differences between the Philippines, on the one hand, and Cuba, Hawaii, and Porto Rico on the other, no intelligent decision can be reached. Statements before this committee by representatives for Hawaii, Cuba, and domestic sugar indicate an undue alarm. No one should be carried off his feet by these alarmists, picturing a straw bugaboo of Philippine sugar increases.

MARKET FOR PHILIPPINE SUGAR

Mr. Lippitt, of the Great Western Sugar Co. on behalf of the United States Beet Sugar Association, devotes his entire brief to an attack on the Philippines. He would even have this committee believe that Congress was misled by Philippine interests, first in 1909, by allowing 300,000 tons of sugar to be imported into the United States free of duty, and again, in 1913, when all restrictions were removed. Referring to their statements, Mr. Lippitt says:

"It would be almost impossible to ship sugar to the United States, they argued, because of transportation costs. The main thing they had in mind, they said, was improving the price at Hong Kong and developing their logical oriental markets.

He then quotes from hearings before a Senate committee in 1905, where Mr. Heras, speaking for the Philippines, wished the United States duty on Philippine sugar removed so they would have another market and would not be so dependent on China and Japan, where the price was too low. Mr. Heras said that China and Japan were the best markets for Philippine sugar. Mr. Lippitt now calls that propaganda, but it was a correct statement at the time. Mr. Lippitt then proceeds as follows:

"To-day the logical oriental market of the Philippines has been practically abandoned in favor of the free American market."

When Mr. Heras made the above statements, in 1905, the entire exportation of Philippine sugar to the United States for the preceding five years (1900-1904) amounted to only 66,632 tons, while during those same years the total exports elsewhere, mainly to Japan and China, amounted to 270,967 tons. These figures prove that Mr. Heras was correct at the time, and did not try to deceive. Japan and China were the logical markets then. Philippine sugar could still compete with Java, and Japan was still a market for Philippine sugar.

While the Orient was the so-called logical market then, conditions have changed so to-day the United States is the only market. Why has Philippine sugar lost out in the markets of the Orient? In the first place, because, meanwhile, Japan has increased the production of sugar in her own Formosan colony by 617 per cent, and, to protect the sugar from her own colonies, has placed a high tariff on that article. Moreover, Java has not only tremendously increased her output of sugar since then, but has very greatly reduced the cost of production. On an equal basis no country in the world can compete to-day with Java, unless it be Cuba. Java produces white sugar at 1.75 cents per pound, while it costs the Philippines 2.94 cents to produce centrifugal sugar. Throughout all the Orient Philippine sugar must compete with Java sugar on an even basis, and that means ruin to Philippine sugar, because, under the American régime, we have raised the standard of living so much in the Philippines above that of Java that it is impossible, without lowering the standard of living, to produce sugar to-day and sell it against Java sugar on an even basis. That is such a well-proven fact that President Coolidge himself referred to it, in 1927, in a letter to the Governor General of the Philippines, as follows:

"Unless produced under conditions which would mean a material lowering of wages and the standard of living, many of the products now exported to the United States could not be absorbed by any foreign market. Until production in the Philippines is on a more assured basis and until ample capital is available in the various agricultural and industrial fields, it is not conceivable that the Philippine products now entering the American market and commanding consequent high prices could compete on an equal footing with foreign products in the foreign markets."

By the efforts of the United States we have raised the standard of living in the Philippines to where they can not produce sugar and compete with Java in the markets of the Orient, or anywhere else, on an even basis. We are mostly responsible for saddling on Americans and Filipinos what, for them, are huge investments in modern sugar machinery and equipment. To Formosa, almost adjoining the Philippines, Japan now gives, as a colony, free trade, but imposes a heavy duty on near-by Philippine sugar and other tropical products. England, France, Italy, and other European powers give sugar from their colonies preference over Philippine or any other sugar. Philippine sugar is thus shut out of the markets of Europe and of the Orient. Now, by the Timberlake resolution, even we are asked to discriminate against it. The Philippines are thus caught between the upper and nether millstones and are helpless to extricate themselves, are completely in the hands of Congress. After our having thrown on the screen a promised land for the Philippines, Mr. Lippitt, in alliance with Cuba, and Hawaii, would turn out the lights. They criticize the Philippines for daring to send their sugar to "the free American markets." Where else can they send it?

Much has been said by opponents of Philippine sugar that its natural, logical market is the Orient and Cuba's "rightful, natural, logical" market is the United States. Strange that such practical men should follow a theory which is so completely shattered by actual practice. They overlook the fact that preferential tariffs have almost obliterated the trails to "natural," "logical" markets. In 1927, reciprocal free trade enabled the United States to send nearly \$15,000,000 of cotton products and textiles to the Philippines, instead of those goods otherwise coming from the near-by "natural, logical" sources, Japan and India. For the same reason, nearly \$11,000,000 of American wheat and dairy products went to the Philippines while the "logical, natural" supply from near-by Australia sailed past the doors of the Philippines, shut out by tariff, and went on to the distant markets of Japan and China. Since Cuba has raised this question of "natural," "logical," even "rightful" markets for sugar, let us see how she applies it in her purchases from the United States, her "logical, natural, rightful" source of supply. In 1927 Cuba imported \$5,105,000 of condensed milk, of which little more than 50 per cent, or \$2,685,000 came from the "logical, natural" near-by source, the United States. In contrast, in the same year, the United States sold to the distant, illogical, unnatural Philippine market, \$2,541,000, or 90 per cent of the total \$2,570,000 of condensed milk imported by the Philippines.

While on this subject, the attention of the National Cooperative Milk Producers' Federation, who request a tariff on Philippine copra, and coconut oil, is called to the fact that last year our total dairy exports exclusive of cheese, were \$17,063,828, of which \$3,115,811, or one-sixth of the total, went to the Philippines. While Cuba claims the United States is no "logical or natural or rightful" market for Philippine sugar, nevertheless, our dairy interests

should be glad to know that whether "rightful, natural, and logical" market or not, the Philippines are their best customer, except our own home market. To combat the excessive infant mortality the 12,000,000 Filipino people, unable in their climate to develop a dairy industry, will enormously increase their consumption of American milk if our dairy and sugar interests do not keep down the purchasing power of the Philippines by restrictive tariff legislation on sugar and other products.

WHO BREAKS THE AMERICAN SUGAR MARKET?

Mr. Lakin, for Cuba, makes the following statement before this committee, on January 21:

"Take the Philippines, for instance. It got to be practically the universal custom last year, a ship would arrive in the Philippines, and it would load with a cargo of sugar. The bill of lading would be an order bill of lading. At times not even the destination of the ship was specified. Sooner or later, of course, before the arrival of the ship, the place where it was to go was designated. It might be New York. Cargoes of sugar have lain in New York harbor for days—Philippine sugar—waiting for a market.

"The refiners in the United States would prefer to buy their sugar from Cuban producers, who are Americans, whom they meet daily in New York.

"The procedure was this: The refiners would say, 'We want to buy some sugar.' 'What is your price?' 'So-and-so.' Then they would ask the agent for the Philippines, 'What is your price?' The agent for the Philippines would say, 'Well, what have you got in the way of an offer from Cuba?' 'So much.' 'I will give it to you for one-sixteenth or one-eighth less.' That is what broke the American market, gentlemen."

What are the facts? Philippine sugar shipped to the Atlantic coast of the United States from November 1, 1927, to August 25, 1928, the Philippine shipping season, has the following history:

	Export tons	Per cent of total
Sold before shipment.....	233,100	56
Sold after shipment but before reaching Panama Canal.....	129,063	31
Sold after leaving Panama Canal.....	53,611	13
	415,174	100

The average sailing time for sugar cargoes from Cuba to our Atlantic coast is five to six days; from the Philippines, 60 days. Is there anything strange that 44 per cent of Philippine sugar should be shipped before it is sold, especially when its arrival here is 60 days off? The shippers might well expect a better market some time during the 60 days enroute. Thirty-one per cent is sold after shipment and before arrival at Panama. If the facts were known, perhaps considerable Cuban sugar is shipped before being sold, even though the voyage is only five to six days. Additional data is not available, but it's not unreasonable to assume that part of even the 13 per cent sold after leaving Panama was sold before reaching its destination. But the whole 13 per cent constitutes only about nine-tenths of 1 per cent of our total consumption. Yet Mr. Lakin, representing the greatest and richest group of sugar barons in the world, said, "It got to be practically the universal custom last year" for Philippine sugar to reach New York unsold, and said to this committee, "That is what broke the American market, gentlemen." According to Cuban sugar interests, Cuba's 55 per cent of our imports didn't break the market; it was the nine-tenths of 1 per cent of Philippine sugar that broke it: Mr. Lippitt joins in on this chorus as follows:

"To-day the New York market, which, they said, could not even be reached, is reached and depressed by Philippine sugar."

In the same hearing, while on the subject of Philippine sugar breaking the American market, the following colloquy took place:

"Mr. RAGON. Would not the same thing be true of Porto Rican sugar?"

"Mr. LAKIN. Yes."

"Mr. RAGON. Or Hawaiian sugar?"

"Mr. LAKIN. Yes."

"Mr. RAGON. Then the 12 per cent of Hawaiian sugar, and the 8 per cent of Porto Rican sugar would be more apt to break it than the 8 per cent of Philippine sugar; would it not?

"Mr. LAKIN. As a part of the whole; not any more apt.

"Mr. RAGON. They are just as likely to break it; are they not?

"Mr. LAKIN. Yes; and that is what is happening.

"Mr. RAGON. Then, it is not the Philippine sugar alone; is it?

"Mr. LAKIN. Not the Philippine sugar alone; no."

That speaks for itself. But what was Mr. Lakin's motive in reciting in detail the arrival of Philippine boats with sugar and "breaking the market"?

DISPLACING CONTINENTAL UNITED STATES SUGAR

In Mr. Lippitt's brief, on behalf of beet-sugar interests, we find the following:

"To-day domestic beet sugar, which they said could never be remotely affected by Philippine sugar, is being displaced by that sugar, produced under conditions with which the American farmer and manufacturer can not compete."

Can the American farmer and manufacturer producing sugar compete with Hawaiian or Porto Rican sugar, both of which have free entry to our market, and their cost of production is practically the same as in the Philippines? We wonder why it is always Philippine sugar that does the displacing. Why not Cuban, or Porto Rican, or Hawaiian sugar?

Under cross-examination before this committee recently, we find the following:

"Mr. RAGON. According to your logic, the 8 per cent of sugar from the Philippine Islands is what controls the markets of the United States.

"Mr. LAKIN. Not alone.

"Mr. RAGON. What are the other contributing factors that control it?

"Mr. LAKIN. The other contributing factors are that there is more sugar in the world than the world cares to consume. When you get right down to brass tacks, I do not see how there can be any other reasons."

A minute later, in the cross-examination, as previously quoted above, Mr. Lakin admitted that Philippine sugar broke the market no more than other sugars, so that leaves, according to him, only one cause for the breaking.

"That there is more sugar in the world than the world cares to consume."

Then why are they blaming it on the Philippines? Why make the Philippines the goat?

United States beet and cane interests and Porto Rico and Hawaii admit before this committee that Cuban sugar fixes the price here. Even the United States Sugar Association, which in reality is a Cuban sugar association, on September 21, 1927, stated:

"As we now admit Philippine sugar free of duty, while Cuban sugar is required to pay a high tariff rate, naturally the Philippine sugar is able to displace the Cuban sugar."

Hawaiian and Porto Rican sugar are admitted free of duty exactly the same as is Philippine sugar, so why do they also not displace Cuban sugar? Why is it only Philippine sugar that does the displacing? In that same 1927 article the Cuban sugar association made no claim that Philippine sugar displaced any but Cuban sugar. By the following year, however, the Cuban ranks opposed to Philippine sugar were joined by the United States beet people, but by that time under the guise of protecting domestic sugar. To rescue Cuban sugar they brought on the firing line the Timberlake resolution camouflage with the following whereas:

"Whereas the unlimited and constantly increasing duty-free importation of Philippine sugar into the United States constitutes a grave menace to the continuation of the domestic sugar industry," etc.

Hawaii also comes to this committee to help pull Cuba's chestnuts out of the fire by asking for restriction on Philippine sugar. When Hawaii and the beet people do this, their actions do not ring true to us.

By January, 1929, the big Cuban sugar interests worked with more finesse. In their brief to this committee they take their cue from the Timberlake resolution and have Philippine sugar displacing domestic as well as Cuban sugars. They state the following:

"This growth (increase of Philippine sugar) constitutes an actual menace to the domestic industry, and interferes with what would otherwise be Cuba's natural and rightful outlet."

Hiding behind the skirts of our domestic sugar industry! What or who gives Cuban sugar more "right" to the American market than Philippine sugar has? Who gave Cuba a mortgage on the American market? Hawaii and the beet-sugar people admit that it is Cuban sugar that sets the price, yet they join Cuba in strangling Philippine sugar.

Mr. Lippitt for the beet people says:

"Further expansion in the Philippines, at the present rate, must invariably reduce the home output."

Even if Philippine sugar continues to have free access to the American market, and Cuba has her 20 per cent preferential, with Porto Rico and Hawaii admittedly practically at the limit of production, we contend that the time would never come when Philippine sugar would so replace Cuban sugar as to make an inroad on, or interfere with, a healthy development of continental United States sugar production. Fifty-five per cent of the sugar now consumed in the United States comes from a foreign source, Cuba, while only about 8 per cent comes from the Philippines. As long as there is a tariff high enough to protect domestic sugar from this foreign competition, and as long as our total domestic production, including that of the Philippines, Porto Rico, and Hawaii, is less than our total consumption, foreign sugar will come in, but only to the extent of supplying the difference between our total domestic production and our total consumption. Should continental beet and cane producers and Hawaii, Porto Rico, and the Philippines, and any other domestic sugar producers, all increase their output, no one of them would displace the other in our market until the importation of foreign sugar ceased—in other words, until domestic production overtook our consumption. They would merely displace that much more foreign Cuban sugar coming into our market. Inasmuch as our total domestic production, including that of the Philippines, Hawaii, and Porto Rico, is only 45 per cent of our consumption, there is practically an unlimited field for increased production by any of our domestic producers, without in the least curtailing the market of any of the other domestic producers. Especially is this true since Hawaii and Porto Rico admittedly are at about the limit of their production. Not until sugar produced by continental United States, Hawaii, Porto Rico, and the Philippines supplies our entire consumption, and no more foreign or Cuban sugar comes in, will any one domestic sugar displace another domestic sugar. With that domestic supply to-day falling 55 per cent short of our consumption, with our consumption increasing on an average 5 per cent per year, with Hawaii and Porto Rico at about the limit of their production, how can anyone conscientiously claim there is any likelihood of Philippine, or any other domestic sugar, ever displacing another domestic sugar? Let the United States sugar grower get that clearly in his mind and he will realize how to-day he is having his leg pulled when he is induced to fight Philippine sugar and thus help none other than Cuban sugar by doing so. He surely is not helping himself. Entrenched behind our tariff wall, Hawaiian and continental United States beet and cane sugar producers hoist the domestic flag, but fire Cuban guns.

Continental beet and sugar cane should have adequate tariff protection. But let it not be forgotten that they supply only 16 per cent of our total consumption of sugar. Mr. Lippitt, representing the largest continental United States sugar interests, stated the following before this committee:

"I doubt that any reasonable tariff would permit us to expand the industry in any reasonable period of time to supply our own requirements. I think * * * our expansion in continental United States would barely keep pace with the increase in consumption."

By what right, therefore, do they come to Congress and attempt to tell the American people what shall be the source of the 84 per cent of our consumption they, themselves, can not supply? The same may be said of Hawaii. Have these sugar barons forgotten the lessons they learned from American public opinion 15 or 20 years ago, and do they again arrogantly venture to dictate to Congress and the American people where we shall buy 84 per cent of our sugar?

The hardest open fight against Philippine sugar is made by the beet-sugar interests. It would be interesting to Congress and the American people to know how their financial set-up is interlocked with that of Cuban sugar. The board of strategy has concluded that the domestic beet-sugar people, claiming to be hurt, would receive more sympathy at the hands of Congress than would the foreign Cuban sugar interests. Cuba is the wolf in the domestic lamb's wool of the beet people. Cuba, Hawaii, and the beet people all know this, hence their claim that Philippine sugar will displace our domestic sugar is a smoke

screen. Therefore, the fight on the Philipines by Hawaii and the beet people is gratuitous, uncalled for. It is not their fight at all. We can understand Cuba's fight on the Philipines, as Cuba is the first to stand the impact of Philippine sugar. But we can not understand the motives of Hawaii and continental United States sugar people attacking the Philippines. On the part of Hawaii, it is monumental nerve; on the part of continental United States sugar people it is "knocking" an industry under our own flag to help pull foreign Cuban chestnuts out of the fire. It may be sugar, but it does not taste or smell well.

Unless the tariff is raised very greatly, and unless domestic sugar increases enormously, which Mr. Lippitt himself says it won't, every ton of Philippine sugar that is shut out and kept out will be replaced by Cuban sugar. Beyond the 500,000 tons, Philippine sugar gets no tariff concession, while Cuba would continue with her 20 per cent preferential. What chance would Philippine sugar have against Cuban sugar on such a basis? That is what Cuba wants. For some mysterious reason that is what Hawaii and the beet people want. The brotherhood of sugar barons is so strong and working so smoothly that those of Hawaii and the United States have come to the rescue of Cuba and are striving to make the Philippines the goat.

ATTITUDE OF HAWAII

The Hawaiian Delegate to Congress appears before this committee and draws about his islands the toga of American citizenship. He tells us that Hawaiian sugar must be classified as domestic, and places Porto Rican and Philippine sugar in a class by themselves, neither foreign nor domestic; in fact, children without a name. In his statement he quotes the United States Code, and draws nice distinctions between the status of Hawaii on the one hand, and the Philippines and Porto Rico on the other. There may be technical legal differences, but no difference of moral obligation. Hawaii is blessed with American citizenship and its sugar classed as domestic only by virtue of an act of Congress. Nothing but an act of Congress stands in the way of the sugar of the Philippines and Porto Rico being just as domestic as the sugar of Hawaii. It is regrettable that the Delegate did not search the Ten Commandments as assiduously as he did the United States Code.

It will be remembered that the Delegate from Hawaii defined domestic sugar as that produced only in continental United States and Hawaii. In his brief submitted to Congress, we find the following:

"What appears to us as an element of unfair competition with the domestic supply is that due to the unrestricted Philippine importation. Such sugar is grown under labor conditions not comparable with those within the domestic field, and not chargeable with corporation or income taxes payable to the United States," etc.

The Delegate reminds us that in Hawaii the internal revenue and the income tax and corporation tax are payable to the Treasury of the United States, while in Porto Rico and the Philippines they are payable to the treasury of those respective countries. To him that would make Hawaiian sugar domestic and Porto Rican and Philippine sugar foreign. It is true the taxes are handled differently in Hawaii from the Philippines, but he doesn't state the offsetting features. The Philippines are self-supporting; in other words, the taxes collected as above stated are used in defraying the expenses of the Philippine Government; whereas, a considerable part of the expenses of the Hawaiian Government comes out of the Federal Treasury. It has been thought, whether correctly or not, that it is an administrative convenience to handle Philippine revenues in that way. But, it is not within the power of the Philippines to change this situation and put themselves on the same basis as Hawaii. That power rests with Congress, and Congress alone, so why hold it as an argument against them when they are helpless to change it?

In the Delegate's statement just quoted he says that Philippine sugar "is grown under labor conditions not comparable with those within the domestic field." In another part of his brief he states that Hawaii employs over 50,000 persons in the sugar industry. It is a well-known fact that about 30,000 of these are Filipinos. The balance of them are mainly other orientals. Why, therefore, are the "labor conditions not comparable" so far as the labor employed is concerned in the Philippines and Hawaii? Moreover, why does he complain of Philippine labor, but not of Cuban labor, when much of the latter is seasonally imported and so undesirable that even Cuba will not admit them to their citizenship.

The Delegate from Hawaii states the following in his brief:

"The raising of this particular tariff (sugar tariff) will not cure this phase of the problem (Philippine competition), but it is felt that were a tariff to be placed upon other products grown to some extent in the United States, which are also grown in the possessions, that there would be opportunity for diversification of crops. A tariff on coffee is suggested, as coffee is grown in Hawaii and, together with Porto Rico and the Philippine Islands, can grow probably a very substantial part of the coffee required. Such action, together with the application of the coastwise shipping laws to the Philippine Islands' products, when in excess of certain figures, might obviate the necessity for restricting the sugar importation, which otherwise is a matter for the industry as a whole to consider, and I would bow to their decision in the matter."

If that statement means anything, it means that the Delegate suggests that the United States place a tariff on coffee so as to encourage and protect that industry in Hawaii, Porto Rico, and the Philippines. In other words, he is willing to have Porto Rican and Philippine coffee protected along with Hawaiian coffee if that will help Hawaii get a tariff on coffee, which she hasn't to-day. The Delegate doesn't mind having one program for the Philippines on sugar and another on coffee if it fits Hawaii's pocketbook. Evidently the Philippines produce domestic coffee but foreign sugar. In effect, the Delegate says, if Congress will apply the coastwise shipping law to the Philippines and put a tariff on coffee, he thinks this "might obviate the necessity for restricting the sugar importation." To get a duty on their coffee he would throw over his fellow Cuban barons and admit Philippine sugar into the fraternity of domestic sugar. Evidently Philippine sugar coming into the United States would cease having what he calls "an element of unfair competition with the domestic supply" if a duty were put on coffee. We associate coffee and sugar at the breakfast table, but this discloses a new and closer link.

Inasmuch as Hawaii, according to their own admission, has about reached the limit of sugar production, and therefore should not be particularly interested in where the balance of United States imported sugar comes from, the Delegate is willing to trade nothing for something, and that something is the duty on coffee. Ordinarily, he doesn't want the Philippines and Porto Rico put in the same class with Hawaii, but when it comes to having coffee taken off the free list and put on the protected list, he doesn't mind recognizing Porto Rico and the Philippines as domestic instead of foreign bedfellows. Truly these Hawaiian sugar barons are clever traders.

DIVERSIFICATION

Mr. Lippitt, representing the United States Beet Sugar Association, stated before this committee that:

"To build up a sugar industry over there which might reach a million tons would build up a national industry out of all proportion in our opinion to other industries now existing in the islands."

In 1927 sugar constituted only 32 per cent of the total exports of the Philippines. It will be a shock to Mr. Lippitt's line of argument that of the 34 years, for which we have the records from 1855 to 1894, 28 years show sugar as constituting more than 32 per cent of the total Philippine exports. In 1873 they were 58 per cent. That seems a very steady record over a long period, and not out of proportion, even to-day. There is nothing new about this percentage of Philippine sugar exports, nor has it suddenly sprung up to wipe out Mr. Lippitt's beet fields.

In one of the whereases of the Timberlake resolution its author fears that our allowing Philippine sugar to come here free will make the Philippines "largely dependent upon a single competitive export crop, contrary to the principles of diversified agriculture and industry, upon which depend ultimate economic, cultural and political progress."

This solicitude over the Philippines not diversifying their industries enough will be greatly appreciated in the Philippines. It might be well, however, that some of this solicitude be lavished on Hawaii, where sugar in 1926 constituted 59 per cent of their exports, and on Porto Rico, where, in 1926, sugar constituted 48.8 per cent of their exports. Mr. Lippitt stated before this committee that "at least 85 per cent of Cuban business is directly tied up with sugar."

In the brief of the Hawaiian Sugar Planters' Association submitted to this committee, we find the following:

"In addition to those who are directly dependent upon the plantations for their livelihood, it may safely be said that three-fourths of the population of

Hawaii is dependent upon the continuation and prosperity of the sugar industry of that Territory."

In 1927, 86 per cent of Philippine exports consisted of 32.32 per cent sugar, 31.7 per cent coconut products, and 22.08 per cent hemp and maguey. That seems to us rather well balanced diversification. Other agricultural products produced in fairly large quantities, but not exported now, are rice, corn, coffee, and cacao. With these facts so well known and so completely at variance with the statements of Mr. Lippitt and the author of the Timberlake resolution, the question naturally arises why they undertook this line of argument. What was their motive? If they did not previously know that the agricultural industry in the Philippines is far better balanced than in Hawaii, Porto Rico, or Cuba, they know it now, and we trust it may not be too much to hope that Mr. Lippitt's solicitude may be no longer elicited and that the anxiety embodied in the Timberlake resolution will so subside that the resolution itself may be withdrawn.

RESTRICTION HARMFUL TO PHILIPPINES

In a circular issued by the Cuban sugar interests, entitled "The Future of the Philippine Sugar Industry," and referring to the Timberlake resolution, it said:

"It is not the purpose to discourage industry in the Philippines and that would not be the effect of such legislation."

That is an insult to the intelligence, to say nothing of the fairness of the American people.

A member of this committee in a recent hearing asked a witness the following question:

"Do you not think that we would be treating them (the Philippines) pretty fairly if we put a limit of 500,000 tons on, and not permit them to bring in any more sugar than that?"

The witness answered:

"That would not injure the industry. It would simply stop the growing of it."

It would not injure the industry, but merely paralyze it. What a novel idea that strait-jacketing any industry does it no harm! If the Philippine sugar industry is to be strait-jacketed, how will any other Philippine industry know when it, too, will be similarly treated? How will even the sugar industry know but what a year hence the limit may be reduced to 100,000 tons? One can not strait-jacket the industries of a country and expect it to prosper. This Timberlake resolution would create consternation in the Philippines by wrecking the whole economic fabric of that country. Its adoption would be the beginning of the end of the economic development which America has urged upon the Filipino people for 30 years. We would be wrecking the very economic structure which we ourselves built up, the very structure which we have told the Filipinos for 30 years was essential to an independent, self-governing people. The passage of this resolution would seem to the Filipinos a perfect ambush for which we had spent 30 years preparing the setting.

Well intentioned as we have been, it is not an unfair criticism to say that we have not done enough to encourage the economic development of those islands. We have stressed political, cultural, social progress, raised their standard of living, but have not in a corresponding way provided for economic development to support that superstructure. It is now proposed to paralyze what little economic progress has been made.

In 1927 the per capita purchases among the various countries were as follows:

	Per capita purchases (1927)	Per cent per capita purchases exceed that of Philippines
Porto Rico.....	\$67.75	623
Cuba.....	72.13	670
Hawaii.....	266.44	2,746
Philippines.....	9.36	-----

Could one ask for better proof than this, why for 30 years America has fathered the economic development of the Philippines? Every Governor General from Taft to Stimson has stressed it. Yet in the face of that, and when

the Philippines are just beginning to get on their feet, we have the Timberlake resolution—a proposal that the father slay his child. With the Philippines' per capita purchasing power exceeded by 623 per cent by Porto Rico, 670 per cent by Cuba, and 2,746 per cent by Hawaii, yet Cuban, Hawaiian, and United States beet and cane people ask this Congress to paralyze still further the even paltry \$9.36 per capita purchasing power of those people to-day. Selfishness run mad! With a 2,746 per cent greater per capita purchasing power than the Philippines, and with no more moral right to the markets of the United States than have the Philippines, Hawaii should hang her head in shame to come here and support this monstrous resolution.

Not satisfied with the untold wealth which the access to the American markets for her sugar has brought her, not satisfied with a purchasing power per capita of 2,746 per cent greater than that of the Philippines, not satisfied with three-fifths of the laborers who raise her cane and produce her wealth are Filipinos, Hawaii comes here asking for an even greater enrichment of herself, and an even greater impoverishment of the Philippines. On her own admission, her limit of production is almost reached, yet she pursues a dog-in-the-manger policy toward the struggling Philippines.

How does Hawaii get in on a first mortgage on the sugar markets of the United States while the Philippines are to be given hardly a look-in? Have we less moral right to possession of the Philippines than of Hawaii? Have we less moral obligations to the Philippines than to Hawaii? Shall we let the selfish sugar barons lead us to wipe out our 30 years of unblemished helpfulness and fairness to the Philippines? How does the Timberlake resolution square with our up-to-now 30 years' splendid record of unselfishness and helpfulness to the Philippines, when by this resolution we now put into a strait-jacket their very industries which we, ourselves, planted and encouraged? How does it square with our announcement to the world when those islands came to us, and President McKinley said:

"We shall continue as we have begun * * * to foster the industry in trade and agriculture, and in every way in our power to make this people whom Providence has brought within our jurisdiction * * * feel that it is * * * their welfare and not our gain we are seeking to enhance."

How does it square with President Coolidge's statement to the Filipino people in 1927, as follows:

"The United States assumed its burden of responsibilities in the Philippine Islands, not in a spirit of aggression, of avarice, of exploitation, but with a sincere desire to promote the best interests of the people of the islands."

With the mere introduction of the Timberlake resolution we are abashed; with its adoption we would be stultified.

Assuming, but merely for the sake of argument, that the Philippines to-day have a little the better of our free trade relations with them, shall we squirm out of our deal and do it on a cold blooded dollars-and-cent basis, and throw to the winds our moral obligations and our heralded high intentions? Billions for charity to Europe, but nothing for justice for the Philippines!

At any time Cuba may terminate her reciprocity treaty with us, but whatever Congress decrees, the Philippines must accept without recourse. Under such circumstances we believe Congress will wish to be doubly careful of any legislation affecting the Philippines.

The Timberlake resolution would make possible a huge increase of sugar supplied by Cuba, a foreign country, but would allow only 500,000 tons to come from the Philippines, our own wards and under our own flag. We are opposed to any restriction, whatsoever, on imports coming into the United States from the Philippines, Porto Rico, Hawaii, or any of our outlying possessions. But if Philippine sugar is to be restricted to approximately present output, then in all fairness, we suggest the same restriction be applied to Porto Rico. According to Cuba and the beet people, restriction won't hurt the Philippines. Therefore, if they are right, restriction can't do much harm to Porto Rico, which, it is said, has about reached its limit of production. The author of the Timberlake resolution stated that he did not include Porto Rico in the resolution, because it was not necessary, as Porto Rico had reached her limit of production. Nevertheless, for the sake of consistency, we suggest it be done. It would look better. Not even the hair-splitting Delegate of Hawaii could find any legal or moral reason for not applying the same restriction to Porto Rico as to the Philippines. The Philippines would feel much better about it, as that would not make the proposed restriction look so discriminatory against them. But the real object of our suggestion is to satisfy our curiosity as to what the attitude of big sugar capital in Porto Rico would be. How would

they like it? No doubt then they would better appreciate our attitude toward Philippine restriction.

Cuba raises her millions of tons of sugar largely by importing from Haiti, Jamaica, and other places laborers so undesirable that she refuses them citizenship. Hawaii imports almost all her labor from the Orient. United States beet growers import large numbers of Mexican laborers. Porto Rico and the Philippines alone use exclusively their home labor. Cuba, Hawaii, and our beet people import labor to produce sugar, but ask Congress to restrict the production of Philippine sugar raised exclusively by their home labor.

High-powered, big capital was early in acquiring control of most of the sugar land of Cuba and Hawaii. Since the organic law of Congress of 1902, the land laws have prevented large tracts of Philippine public lands falling into the hands of big capital. Small capital in the Philippines naturally has fallen far behind big capital elsewhere in the development of the sugar industry. Had the same land laws prevailed in Cuba and Hawaii as prevailed in the Philippines, and had Cuba and Hawaii not imported labor, the United States to-day would be searching in even other parts of the world for her sugar supplies, there would be no world surplus, and there would be no movement for restriction on Philippine production.

Twenty-four years elapsed after we acquired the Philippines before, in 1922, Philippine sugar had been rehabilitated to where the exports again reached the peak in Spanish times. During these same years Hawaii increased her production about 150 per cent, Cuba 500 per cent, and Porto Rico 600 per cent. Because high-powered big capital succeeded in developing sugar so enormously and so quickly in Cuba, Hawaii, and Porto Rico, while the Philippines were recovering from three wars and handicapped by land laws, does that give Cuba and Hawaii the right to ask Congress to still further restrict belated Philippine sugar development? Where is the justice in preventing, by a very act of Congress, a development of the Philippines commensurate with the development of Cuba, a foreign country, and even Porto Rico and Hawaii? Of all the countries shipping sugar to the United States, the Philippines, Hawaii, Porto Rico, and Cuba, the Philippines produce least sugar per capita, least sugar for its area, and least percentage of its total products in sugar. With this fact before us, if there is to be restriction of sugar shipped to the United States, why should it be on the Philippines, the least producer, and the one which would be most disastrously affected?

OUR FUTURE SUPPLY OF SUGAR

Based on a conservative estimate, our consumption of sugar 30 years hence will be about 14,450,000 tons.

Sources of sugar supply of United States in 1927, probable requirements 30 years later, and source of that supply should the Timberlake resolution be adopted

	Full duty	Cuba	Porto Rico	Hawaii	Philippines	Domestic beet and cane	Total
1927							
Consumption.....	5,568	2,912,898	487,935	635,765	434,542	820,344	5,297,0 ⁰ 0
Per cent of total.....	0.13	54.99	9.21	12.0	8.2	15.46	100
1957							
Consumption.....		10,084,338	609,924	794,706	500,000	2,461,032	14,450,000
Per cent of total.....		69.79	4.22	5.50	3.46	17.03	-----
Per cent increase over 1927.....		246.20	25.00	25.00	15.06	200.00	-----

Hawaii and Porto Rico both stated they have about reached their limit of production. The author of the Timberlake resolution states Porto Rico has reached her limit of production. Nevertheless, in the above table we show for Porto Rican and Hawaiian sugar imports an increase of 25 per cent. The Philippines remain stationary at 500,000 tons, the amount fixed by the Timberlake resolution. The table provides for United States beet and cane sugar an increase of 200 per cent in 30 years. This is an increase of 1,640,688 tons over their present production of 820,344 tons. This is unquestionably

high, as Mr. Lippitt himself says the increase of beet sugar will be relatively slow. According to their admission, the beet growers can not get American labor to do their beet-field work and must depend on Mexican labor. If they bring in enough of this low-grade Mexican labor to produce much more sugar than they even now produce, we shall have on our hands a social problem that will totally eclipse our sugar problem.

Assuming, however, that the United States beet and cane growers can produce 1,640,688 tons more than now and that Porto Rico and Hawaii increase their output by 25 per cent, and the Philippines remain stationary at 500,000 tons, who will supply the 10,084,338 tons we shall still require? The cards are being set by the Timberlake resolution for none other than Cuba to supply that.

With the Philippines paying full duty on all their shipments above 500,000 tons, with Porto Rican and Hawaiian sugar coming in free, and all other sugars paying the full duty, there would be no chance for any sugar from any source to get into the United States market against Cuba with her 20 per cent preferential. The United States Sugar Association admits this as follows:

"When their (Philippine) production for export exceeded 500,000 tons, the balance would seek its natural market, i. e., the East. This sugar, of course, would be sold at the world's level."

Not even Java could get into our market, as proven by the fact that in 1927, as shown in the above table, only 5,566 tons of full duty sugar came in. If the sugar barons have their way and restrict Philippine sugar to 500,000 tons, then Cuba, a foreign source, will be supplying of our total consumption 69.6 per cent. In contrast, the 500,000 tons from the Philippines would constitute of our total consumption only 3.48 per cent. The Philippines would be supplying us only 15.06 per cent more than in 1927, while by virtue of the Timberlake resolution, Cuba would be supplying us 246.2 per cent more than in 1927. Whatever the intention may have been, the Timberlake resolution's pretended fear of "dangers inherent in a condition of dependence on foreign supplies of sugar" is a mockery. If the resolution prevails, the sugar barons will have won. What ideal ministers for George III they would have made!

There is a place in the sun for all who now supply us. The Philippines wish to crush no one, and it is a deception to say they will. Just now, too much sugar is being produced in the world, but that condition will not be permanent. We must not lose our heads about it and by unwise legislation lay up for our people the reverse situation in the comparatively near future. The slowly increasing production of Philippine sugar will in the near future be most welcome in taking care of part of our never ceasing increasing consumption. Moreover, the American people will hardly feel we are carrying out our long declared policy of helpfulness toward the Philippines when, by a very act of Congress, we paralyze their industries under our own flag, let them supply us with only 500,000 tons of sugar while in the near future foreign Cuban sugar will be supplying us 10,000,000 tons.

OUR FUTURE SUPPLY OF TROPICAL AND SUBTROPICAL PRODUCTS

A conservative estimate puts our sugar consumption 30 years hence at about 14,500,000 tons, being an increase over our present consumption of about 10,000,000 tons.

Thirty years is not a long period in the life of a nation. It is now 30 years since we acquired Hawaii, Porto Rico, and the Philippines.

Our consumption of rubber, coffee, and other tropical products will increase approximately the same as that of sugar. Where are those huge requirements coming from 20 and 30 years hence?

It might be well for us to consider this question of our future supply of all our tropical and subtropical products. If we do, we shall find ourselves confronted with a very startling situation. In 1927 the United States consumed \$2,068,961,000 of tropical and subtropical products; in other words about 15 per cent more than did the United Kingdom, France, Holland, Belgium, Italy, and Spain combined. Continental United States, with 50,000,000 less population, consumes annually \$250,000,000 more tropical and subtropical products than all those six countries combined; and yet, of the tropical domains of the world, those six nations control 59 per cent, whereas the United States controls less than two-thirds of 1 per cent. That gives us an idea of how dependent we are even to-day for tropical and subtropical products on areas under the sovereignty of European nations. Twenty and 30 years hence we shall be even more dependent, and the Timberlake resolution increases our dilemma.

The ingenuity of man has not as yet gotten around nature's climates. We must go to the tropical countries for raw tropical products, and in fact we must look to them more and more for an outlet for our manufactured products. Of the \$2,068,961,000 of our tropical and subtropical imports in 1927, six items, raw silk, tea, sugar and molasses, rubber, coffee, and fruits and nuts, amounted to \$1,560,000,000, constituting about 37 per cent of our total imports, and about 73 per cent of our total tropical and subtropical imports. All of these can be produced in the Philippines in very helpful amounts. We firmly believe that silk can be grown in the northern portion of the Philippine Archipelago. Tea has already been grown there. In Spanish times, Lipa coffee, produced in the Philippines, was considered as fine a coffee as was produced anywhere in the world. The delegate from Hawaii suggested a tariff on coffee so as to encourage its production in Porto Rico, Hawaii, and the Philippines. Not a bad idea! Sugar and copra we know can be produced there. Soil and climatic conditions are as favorable for the production of rubber in the Philippines as in the most favorable portions of the Malay Peninsula and Java. Rubber is being produced there now.

We are practically at the mercy of Brazil for coffee, and Java and the Federated Malay States for rubber. Our consumption of all those products mentioned above will have a normal increase commensurate with our increasing consumption of sugar. It is not difficult to see, in the comparatively near future, where the United States, possessing only two-thirds or 1 per cent of the tropical domains of the world, will be grateful to the Philippines for a supply of those items, especially sugar, rubber, and coffee. Beyond all doubt a large part of all our rubber and coffee requirements can easily be produced there. It would seem to us, therefore, that, rather than paralyze the sugar industry of the Philippines, and thus administer an opiate to all its other industries, we should in real earnest encourage the production of them all. We wish to put in the record now the prediction that in the comparatively near future the Timberlake resolution will be looked on as a curiosity for its outstanding lack of foresight for the future needs of the American people. Why does it not interest every American to have rubber, our greatest item of import, and coffee, the second greatest, produced under our own flag in the Philippines, and thus according to even the Timberlake resolution, "avoid the dangers inherent in a condition of dependence on foreign supplies"?

Why are we suddenly so much concerned about some of our sugar coming from the Philippines under our own flag, and show no concern over our entire supply of rubber and practically all our coffee coming from abroad?

OUR SUGAR SUPPLY IN WAR TIME

Much anxiety has been shown before this committee for fear we might be depending on the Philippines for too large a part of our sugar when war might shut off that supply. That seems to be crossing a bridge long before we reach it. We are not impressed with the sincerity of that argument while the Philippines are supplying us with only about 8 per cent of our sugar requirements. We have heard of no loss of sleep because practically all our rubber, tin, silk, jute, and coconut oil comes from the vicinity of the Philippines and could be shut off as easily as could Philippine sugar. More reason have we to worry over our war-time supply of some of those items than over sugar, because we do produce some sugar in continental United States, and by again Hooverizing would not be seriously crippled. We produce none of those items except oils. Moreover, if, in case of war, the United States can not protect her \$2,263,000,000 commerce with the part of the world where the Philippines are, including 85 per cent of our rubber requirements, then her loss of sugar from the Philippines would seem an insignificant worry.

OUR EXPORT TRADE WITH CUBA

The Cuban brief shows great solicitude lest our treatment of Cuba with respect to sugar may have unfavorable results on our relations with Central and South America. That leaves the impression with us that Cuba is hard-pressed for good arguments. In any event, we note no solicitude is forthcoming with respect to our treatment of the Philippines and its effect on our relations with the Orient, where we sell three-fourths of a billion dollars of products annually. We have just as much, if not more, at stake in the Orient than we have in South and Central America.

In Mr. Lakin's brief for Cuba, he mentions the fact that our tariff on Cuban sugar was increased in 1921 to 1.60 and in 1922 to 1.76. He states that "the disastrous effect of this heavy burden upon the export trade of the United States to Cuba is shown by the fact that from a value of \$515,082,000 in 1920, the value of exports declined to a total of \$155,383,000 in 1927."

Of course these figures seem very impressive, but they lose a great deal of their impressiveness when one recalls the fact that, when Cuba bought \$515,000,000 from us in 1920 she was getting 20 cents per pound, or thereabouts, for her sugar, whereas in 1927 she was getting 4 to 5 cents duty paid. If the Philippines had sold the United States in 1920 the same amount of sugar as Cuba did, and at the same prices, it is certain that the purchases of the Philippines from the United States would have made a better showing than did those of Cuba.

That Cuba's tariff concession to our exporters has been a snare and delusion is so clearly and fully shown by the report of the United States Tariff Commission for 1928 that an extract of that report on that subject is hereto attached. Once and for all, that will show that in our reciprocal trade relations with Cuba, our concessions to her have not been offset by her concessions to us. In fact, it would be far more advantageous to our exporters if the Philippines were encouraged to increase their exports, thus increase their buying power accordingly, and thereby in turn they could and would buy far more from us relatively than Cuba, because the Tariff Commission shows Cuba's tariff concessions are of practically no value to us, but on the other hand, with the Philippines we have complete free trade. Encourage the Philippines to develop their industries as Cuba, Hawaii, and Porto Rico have done and even those who look at this question from a dollar and cent point of view will see a far greater advantage arising from a fair deal to the Philippines rather than crippling them and playing into the hands of Cuba.

If the purchases by the Philippines from the United States were the same per capita as the per capita purchases from the United States by Cuba, Porto Rico, and Hawaii, based on 1927 purchases, the following table shows what those Philippine purchases from the United States would have been:

	Total imports, 1927		Imports from United States		Population (estimated)	What Philippine purchases from United States would be, based on per capita purchase of each country		
	Value	Per capita	Value	Per capita				
Cuba.....	\$257,384,000	\$72.13	\$159,056,000	\$44.57	3,568,552	\$550,617,780		
Porto Rico.....	97,583,000	67.75	86,369,900	59.96	1,440,300	740,745,840		
Hawaii.....	88,838,000	266.44	79,687,700	239.00	333,420	2,952,006,000		
Philippines.....	115,851,000	9.36	71,478,000	5.79	12,354,000	-----		

This shows, for example, that in 1927 the Philippines would have purchased from us \$550,000,000 against Cuba's \$159,056,000. Let us look to the future and give the Philippines a chance.

INDEPENDENCE

In Mr. Lippitt's brief, referring to Filipino leaders, he says:

"Among those who to-day are shouting loudest against sugar limitation are men who have often spoken emphatically in favor of Philippine independence."

True. For 300 years the Filipino people were under the oppression of Spanish colonial rule. When we defeated Spain in 1898 the Filipinos thought they saw their chance for independence and for escape from oppression. We told them, however, that economically and otherwise they were not ready for independence, and for their own good we denied it to them. With such a history as this back of them—300 years of oppression—they were quite naturally dubious of even America as their sovereign. How could they know that one master would be better than the other? On principle, they asked even America for independence, and, on principle, kept on asking it. It is hardly strange that, after 300 years of Spanish rule, nothing but actual experience would convince them that their new sovereign would treat them better than their former

one did. Gradually, they were being convinced of America's whole-hearted altruism toward them so that, for the past year or so, an era of good feeling has grown up, and if any requests were made for independence, it was merely on principle—perfunctory. Of that I am morally certain. They were about convinced of what we have told them for 30 years, that social and political development must be accompanied, if not preceded, by economic development. Not only the Filipinos, but all Americans proud of our fair and helpful attitude heretofore, toward the Filipinos, are suddenly shocked by the Timberlake resolution which provides for restriction on Philippine sugar, and no offsetting restriction on United States products going into the Philippines. That is one kind of unfair treatment that the Filipinos feared when they requested independence from the beginning. We had about convinced them of our 100 per cent good intentions toward them when this resolution appeared on the scene. Press dispatches report Governor Stimson, en route home to be Secretary of State, to have said the following on March 14, 1929, at Honolulu: "I had a pleasant year in the Philippines. One reason why it was so pleasant was that we placed a taboo upon independence matters, agreed not to talk about the matter, but instead to go to work."

MUDGING THE WATER

Writing of the larger development of the Philippine sugar industry, the United States Sugar Association said:

"This, however, will take time, particularly as capital will be slow to invest as long as there is uncertainty with respect to the political situation."

In his brief, Mr. Lippitt, for the United States Beet Sugar Association, states the following:

"An abnormal trade condition which will invite American capital to pour into the islands can scarcely be regarded as conducive to political separation."

American capital never has "poured" and is not now "pouring" into the islands. On the contrary, the very uncertainty of the status of the islands, caused largely by these great sugar interests themselves, the possible tinkering with the islands, as exemplified by the Timberlake resolution, have held back the development of that country. Three or four years ago, before the Timberlake resolution was planned, American capital, interested in Cuba, measured their idea of the attractiveness of the Philippine sugar industry and their idea of "pouring" money into it, by offering for half a dozen distressed Philippine sugar centrals less than one-third net of the amount invested in them. Will Mr. Lippitt say that would indicate "abnormal trade conditions," inviting to American capital? As that was the situation then, how much worse must it be now, when the great sugar interests of Cuba, Hawaii, and the United States have combined to strangle the Philippine sugar industry by a very act of Congress.

Let it not be forgotten that among those who to-day shout loudest for limitations on Philippine sugar are American sugar interests who for years, in and out of Congress, have often spoken emphatically in favor of Philippine independence, and done so ostensibly for sentimental reasons. Refusing to accede to the selfish wish of the sugar interests, the American people, to their credit, refused to abandon their self-imposed obligations to the Philippines, a task hardly begun, but always made more difficult by these same sugar interests. It has been mainly the agitation set in motion by these sugar people that has caused the uncertainty of the Philippine status, which, as their own association said, kept capital from developing the islands. It is they who are muddying the waters.

Their deeply laid campaign for "political separation" not having progressed to their satisfaction, a flank attack by way of the Timberlake resolution is now launched. By that they hope meanwhile to continue muddying the waters, to strangle Philippine sugar development and to make the Islands even more unattractive to capital on the theory that would be "conducive to political separation." Mr. Lippitt taunts the Philippine leaders that they may fall into this trap by telling them that—

"An abnormal trade condition which will invite American capital to pour into the islands can scarcely be regarded as conducive to political separation."

He tells them that it is almost absurdity to expect "political separation" before they have "economic separation" from the United States. That is the bait the sugar barons offer the Philippine leaders.

By an economically independent Philippines they mean an impoverished country, lifting itself by its own boot straps. The development of the Philip-

pines by its own pitifully inadequate capital would be at a pace highly desired by the great sugar interests of Cuba, Hawaii, and the United States. Cuban sugar production could expand further without hindrance. These sugar interests preach to the Philippines the archaic doctrine that a people can not be politically independent unless they shut out foreign capital, unless their country is being developed almost exclusively by their own people and by their own capital. It suits the purpose of the big sugar people to preach that doctrine for the Philippines, but to practice diametrically the opposite doctrine in Cuba. They, themselves, dominate Cuba economically, but Cuba is politically independent. To suit their selfish purposes they would impede the rightful development of the Philippines, straight jacket the industries of that country, muddy the waters, keep capital from going there, and offer in one hand political independence, in the other economic enslavement. We believe that Congress, in no uncertain terms, will declare that is not the measure of the American people's obligations to the Philippines under our self-imposed wardship.

In Governor Stimson's inaugural address, on March 1, 1928, he said:

"Among various matters which I deem important, I lay particular stress upon industrial and economic progress."

Thus, in one hand we offer friendly aid; in the other the Timberlake resolution, a body blow. That resolution stultifies every President from McKinley to Coolidge, and every Governor General from Taft to Stimson,

CONCLUSION

The ostensible excuses for the Timberlake resolution are three:

First. To provide against the dangers inherent in depending on foreign supplies of sugar.

According to the United States Supreme Court in the Diamond Rings case, the Philippines are territory of the United States, and not a foreign country. If they were foreign, then we wouldn't possess them. However, this is quibbling, unbecoming the United States, and we believe distasteful to the American people. In any event, the effect of the Timberlake resolution is to bring about the very condition it purports to prevent. It makes us more dependent than ever on Cuban sugar, admittedly a foreign product.

Second. To bring about diversification of industry in the Philippines.

To offer that as an excuse without including Porto Rico and Hawaii, both of which have a far less diversification of industry than the Philippines, throws suspicion of insincerity on the resolution itself.

Third. To prevent Philippine sugar displacing domestic sugar.

By the admission of the very advocates of this resolution, Cuba sets the price of sugar in the American market. That being true, it must follow that Cuban, and not Philippine, sugar displaces domestic sugar. With adequate tariff protection against Cuban and other foreign sugar, not until domestic sugar, produced by continental United States, Hawaii, Porto Rico, and the Philippines, supplies our entire consumption, and no more foreign or Cuban sugar comes in, will any one domestic sugar displace another domestic sugar.

Thus, on the very face of its declared purposes, the resolution has no sincere excuse for being before Congress.

[Extract from Twelfth Annual Report of the United States Tariff Commission of 1928]

EFFECTS OF THE CUBAN RECIPROCITY TREATY OF 1902

The commission has in press a report upon the effects of the Cuban reciprocity treaty of 1902. This is the only reciprocity treaty to which the United States is now a party, and an understanding of its operation is important. Suggestions that the treaty needed revision made it desirable to make a more extensive study of the subject than that embodied in the summary report of the commission, published in 1919, covering the whole field of reciprocity and commercial treaties. The new study examines particularly the extent to which the reciprocity treaty enabled the United States to expand its exports to Cuba.

The reciprocity treaty, effective December 27, 1903, provided that the United States and Cuba should each give favorable treatment to the "products of the soil or industry of the other," namely, reductions of existing or future duties and a continuance of the existing free lists. The United States accorded a uniform reduction of 20 per cent of its duties; Cuba accorded reductions of 20, 25, 30, and 40 per cent of her duties upon all dutiable products

except tobacco. The Cuban negotiators conceded the greater percentages of reduction, because the treaty was expected to prove advantageous to all products exported from Cuba, while it was believed that many American products, either because they already dominated the Cuban market or because they would be unable to compete therein, would receive no material stimulus from reductions limited to 20 per cent of the comparatively low Cuban duties.

A review of the entire trade between the United States and Cuba since 1900 shows that the trade on which the United States has made reductions of duty has greatly exceeded the trade on which Cuba has made reductions, Cuba having what is called a "favorable" balance of trade with the United States. Expressing the concessions on the two sides, not as percentages of the duties but as percentages of the value of the trade (i. e., in ad valorem equivalents), it is seen that the reductions of 20 per cent of the American tariff rates considerably exceeded the reductions of 20 to 40 per cent of the Cuban rates. The greater trade received the greater concessions, and the total nominal sacrifice of revenue on the part of the United States has been three times as great as the nominal sacrifice made by China. The sacrifice of revenue has been largely nominal. Cuba readjusted her tariff rates on February 1, 1904, so as to produce a greater revenue than was obtained prior to the treaty. The treaty left the United States equally free to change its tariff rates, but Congress reenacted the rates upon sugar and tobacco in 1909 and in 1913 reduced the duty upon sugar. State and private finances are altogether different since the State has power to adjust its income to the expenditures voted by the representatives of the people; the remission of taxation by a government is presumably no sacrifice by it but is a relief to its citizens. But in the early years of the operation of the treaty the United States made a real and important sacrifice of revenue, since a considerable part of the revenue remitted upon imports of sugar took the form of higher prices for the Cuban producers.

Both before and after reciprocity the United States took practically all of Cuba's sugar until Cuban exports outgrew the import requirements of the United States. The United States is Cuba's natural market. The preferential rates accorded by the United States have not in any important degree expanded the American demand for the products of Cuba in the sense of diverting to the United States products which would otherwise have had to seek a market elsewhere; but the reciprocity treaty has given to Cuban sugar such an advantage over sugar from other exporting countries as to practically eliminate the importation into the United States of sugar from countries other than Cuba.

The treaty was of particular value to Cuba in the earlier years when American buyers bid up the price of Cuban sugar to avoid, as far as possible, the necessity of buying full-duty sugars. Up to July 1, 1909, the United States had remitted \$48,000,000 in sugar duties, a considerable part of which went to the Cuban producers. This part of the remission was most important in the development of the Cuban sugar industry, both directly and in giving investors and creditors confidence in the future of that industry. The political relations between the United States and Cuba contributed to this confidence.

The great expansion of the Cuban sugar industry compelled the planters, after 1911, to look for markets outside the United States and thus deprived them of the price premium they had formerly enjoyed in the United States; but their industry continued to expand and to supply the United States with increasing percentages of its total consumption of sugar. The American sugar industry has also expanded (except for continental United States, since 1922), but even including noncontiguous territory the expansion has been slower than the Cuban, and beginning with the fiscal year 1913 Cuba has supplied more than half of the sugar consumed in the United States.

In more recent years the exclusive concessions which Cuba enjoys have not been without value to her in guaranteeing to her a favored market, in preventing similar concessions by the United States to other countries, and in obtaining special advantages for minor products, especially those which enter free from Cuba though dutiable when produced elsewhere, such as manganese ore, coconuts, alligator pears, and logs of cedar and mahogany.

Whatever advantages have accrued to the United States from the reciprocity treaty must be sought, in contrast to the advantages to Cuba, wholly to the extent that it has facilitated the expansion of American exports in competition with Cuban imports from other sources; for the exporters of the United States have not received through the operation of the reciprocity treaty higher profits per unit on sales to Cuba than on other sales.

Looking only at the growth of United States exports to Cuba, one might easily be misled into attributing undue importance to the reciprocity treaty. Broad comparisons and detailed analysis put a different light upon the matter. Comparisons with United States exports to Canada (in spite of the British preference fully established in 1900), to Mexico, and to eight Caribbean countries showing that the total value of exports to Cuba developed somewhat more rapidly than did total values to the other near-by markets, if average imports in 1905-1907 are taken as showing the immediate effects of reciprocity; but that by 1912-1914 the expansion, both in Canada and the eight Caribbean countries, exceeded that in Cuba.

More significant are the figures showing the changes in the percentages of total imports derived from the United States. With reciprocity the percentage of Cuban imports obtained from the United States increased from 1900 to 1905-1907 from 44.2 to 49.4, but without reciprocity the percentage for six Caribbean countries combined was from 41.1 to 50.8, and for Mexico from 50.6 to 62.6 per cent. After a score of years of reciprocity, in 1922-1925 the United States supplied 65.6 per cent of Cuba's imports, 66.9 per cent of Canada's, 67.3 per cent of those of the six Caribbean countries, and 69.1 per cent of Mexico's. These percentages are not presented as conclusive, but they are undeniably suggestive and significant. The values and the percentages together suggest that, while, owing to reciprocity and to other favorable factors such as political stability and the investment of foreign capital, Cuba's purchasing power rapidly increased after reciprocity and the total value of her purchases from the United States developed with special rapidity for several years, this special rapidity had ceased before 1912-1914 and by 1922-1925 Cuba was no more favorable as a market for American goods than were other neighboring countries.

As a final test of the immediate effectiveness of the reciprocity treaty, the commission has compared Cuban imports from the United States for 1902-3 and for 1905-1907, taking 130 leading articles separately, and showing the development of the trade with the ad valorem equivalents of the tariff reductions based on the trade of 1905. This survey, covering over 90 per cent of the trade, shows that two-thirds of the trade made no material shift in favor of the United States—in each item the percentage of total imports supplied by the United States either decreased or increased by less than 5 per cent of the total. On the other hand, 52 items imported from the United States to an average annual value of \$12,252,000 in 1905-1907, being 34 per cent of the total here analyzed, show increases in percentages supplied by the United States ranging from 5 to 66 points. For 17 of these items representing annual trade of \$2,438,000, the Cuban tariff concessions were less than 5 per cent ad valorem, and it seems improbable that the increase in the trade should be attributed to the concessions. This leaves 35 items, representing \$9,814,000 of annual trade, upon which there was a moderate or substantial increase in the percentage of imports supplied by the United States. These 35 items cover 27.1 per cent of the trade represented by the 130 items examined. Caution forbids the hasty conclusion that the preference accounted for this increase in 27 per cent of the total trade. The need for caution is suggested by such facts as that for natural fertilizers, which are free of duty and therefore without preference, the increase in the percentage supplied by the United States rose by not less than 73 points. Evidently there must be a further check before concluding that substantial concessions on 35 items were the cause of substantial increases in the percentages of total imports supplied by the United States. Further comparisons offer such a check.

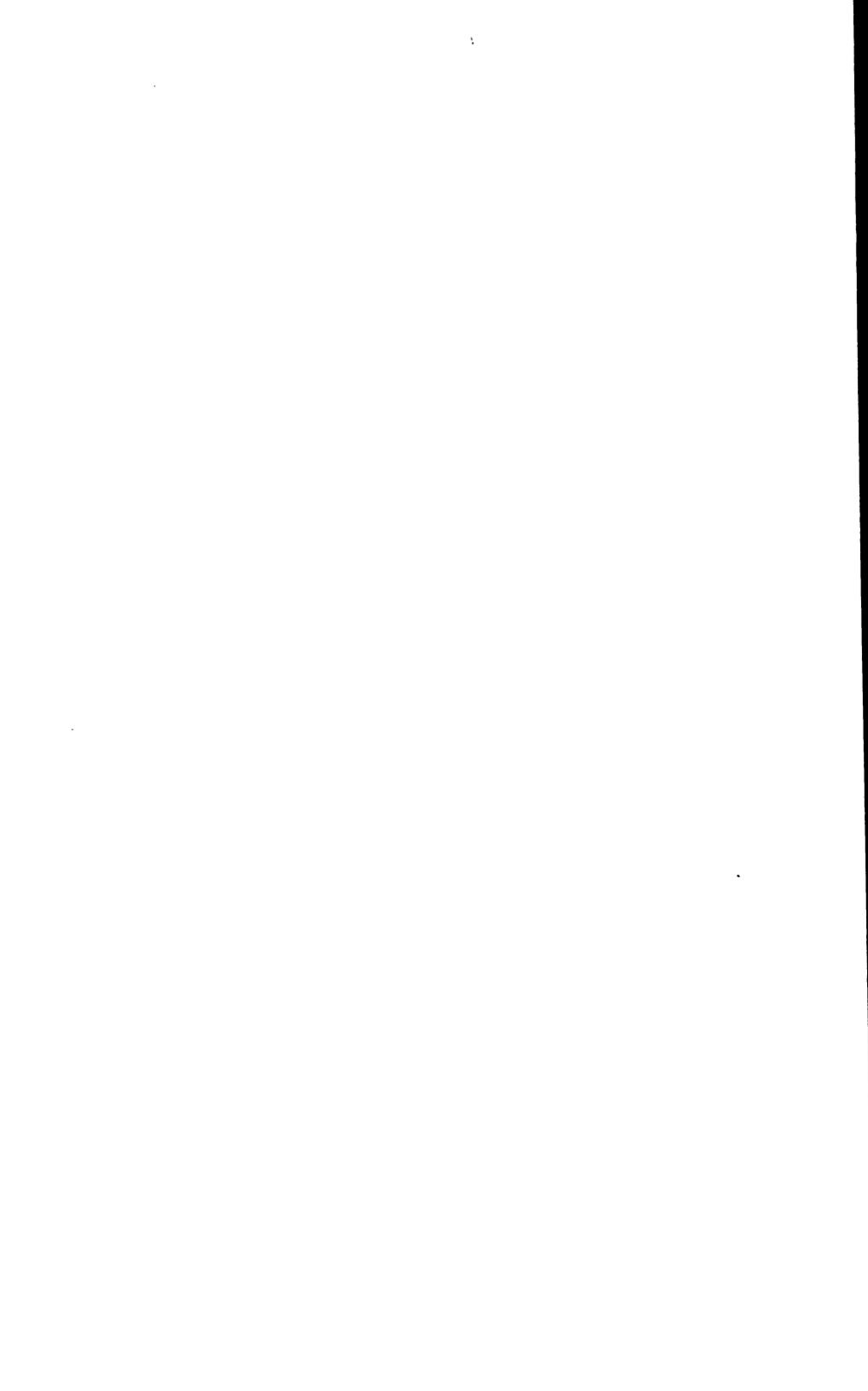
It is difficult to match the classifications of the Cuban and American statistics, but United States export figures for 13 classifications are found to cover 72 per cent of the total trade of the above 35 items, including coffee. For these 13 classifications tabulations of exports by countries show that every substantial development, both absolute and relative, in the United States trade with Cuba between 1902-3 and 1905-1907 was paralleled by a perhaps equally significant improvement in Central America, South America, Mexico, or Canada. Boots and shoes are an important item. The figures show not only that the United States exports to Central America increased relatively more rapidly than exports to Cuba but also that the exports to Cuba were displacing Cuban imports from other sources more rapidly before than after reciprocity. The detailed statistics, therefore, support the indications of the previous analysis that in a large measure the growth of American exports to Cuba even in the years immediately following the establishment of reciprocity was not dependent

upon tariff concessions but would have taken place in the absence of the reciprocity treaty as it was doing at the same time in other markets.

An appraisal of the whole situation leads to the conclusion that the concessions granted by Cuba have exerted an influence upon trade which, even in the years immediately following the treaty, accounted for but a minor part of the expansion of United States exports to that island, and which at present is not the determining factor in any considerable percentage of the total trade. The tariff concessions which Cuba extends to the United States averaged in 1923 only 4.6 per cent of the total value of Cuba's dutiable imports from the United States. The conclusion seems warranted that with respect to most varieties of manufactured goods, Cuba's tariff concessions, seldom exceeding 10 per cent ad valorem, have exerted and now exert very much less influence upon the course of trade than was anticipated by the negotiators of the treaty.

The present study has taken no notice of the revision of the Cuban tariff in October, 1927. Its changes on the whole seem more likely to decrease than to increase the advantages which the reciprocity treaty affords to the United States.

(Thereupon, at 12 o'clock noon, the committee adjourned, subject to call of the chairman.)



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